THE BUSINESS WEEK

BUSINESS LIBRARY

A Journal of Business News and Interpretation

A McGRAW-HILL PUBLICATION

How the Controlled-Key Safeguards Accuracy

When the gates go down at the crossing, all traffic is compelled to stop.

In an equally positive manner the Comptometer, by means of the "Controlled-Key," automatically bars incomplete keystrokes in three different ways:

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Comptometer

ADDING AND CALCULATING MACHINE

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The Business Week

WITH WHICH IS COMBINED THE MAGAZINE OF BUSINESS

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

COVERING EVENTS OF THE WEEK

ENDING DECEMBER 14, 1929

Business Outlook—Cloudy, Continued Cold

THE highly concentrated seasonal slump and boom-reaction through which business is passing becomes sharper. Industrial activity in some lines is getting down to the frost-line, and primary distribution and general trade are tobogganing faster than usual.

At the same time—on the principle that if winter comes, spring can't be far behind—one can see the basis for early revival being laid. That basis is mostly psychological as yet—a total absence of any sign of fear-paralysis, and a universal reasonable optimism in business sentiment. More concrete signs are the remarkable and unseasonable strength of general building activity, the slight rise in unfilled steel orders, and the sustained level of coal production.

We feel that, so far as industrial activity is concerned, the worst will be over in the next six weeks. Retail trade may lag a bit, and there will probably be a large crop of spring failures in this field. Money rates will probably be kept down till well into next year; but the banks will be under some strain to carry their large burden of weak security holdings and slow-moving inventories, and February or March will probably see some dust raised in the stock market by their spring cleaning of weak security accounts.

Profitless Selling IS Profitless

THE "big four" cigarettes' retail price has dropped again. This time it is a retailers' price war. The tobacco manufacturers ended their war October 6 when they raised the wholesale prices on the four popular brands to the present $6.40 a thousand. At that time, most retailers came up to 15¢ a package, although the Schulte Stores and the Great Atlantic & Pacific Tea Company held to two packages for a quarter.

Without warning, on November 5, the United Cigar Stores dropped to 12¢ a package. The Liggett drug stores, the A & P and the Kroger chains followed. Liggett went to three packages for 35¢; Kroger and some of the A & P stores to two for 23¢. In announcing the cut, United's vice-president said, "We did not wish to take this action, but were forced to do it by competition, and in order to keep up volume of sales. Losses are incurred either way. Our volume was suffering."

But gross sales are not profits. Simple arithmetic must show United's executives that every sale at 12¢ a package is a loss to the store. The manufacturer's price is $6.40 per thousand less 10% jobbers' discount. If the store pays cash it gets a further 2%. That makes the retail cost $.113 per package to which should be added $.003 for a paper of matches. The gross profit on the 12¢ price is thus $.004 per package; but the cost of selling is variously estimated from .0075 to $.025 per package, according to the system of cost accounting used. In short, total profits would be increased by *not* selling cigarettes—so far as cigarettes go.

The real basis for the 12¢ price is a generally held theory that cigarettes are only a decoy—that they entice people within range of other sales items. The Liggett price cut announcement indicates as much in the words, "but we do not propose to have our legitimate business diverted to others through such cut price methods."

A growing body of authority questions the theory that additional business gained through loss-priced decoys can produce profits to counterbalance the steady drain of loss-sales. There has been no convincing sales research to show whether a tobacco counter near the door brings extra business or gets its trade from customers who have entered the store primarily seeking something else; nothing to prove that losses on 12¢ cigarette sales eventually pay. But it has been repeatedly proved in the wholesale field that loss leaders cost more than the extra

profits realized on business they bring; one case on record actually shows an increase in sales and profits on the other lines when the wholesaler dropped his loss leader; selling effort previously used on the leader was switched onto main lines. Distribution specialists believe that retail loss leaders will be proved equally ineffective.

Incidentally, good merchandising practice is again forgotten when cigarettes are sold at 12¢ instead of at two for a quarter. Most merchants agree that the latter price for two usually sells more packages than the lower price for one. Schulte sticking at two for a quarter sets the stage for a test case.

Perhaps the true explanation has not been given by any of the parties to the war. Perhaps the intent is to induce one of the big chains to stop handling cigarettes. If that be true one wonders, even if it did stop (which it won't), what would prevent its coming back into the game later when the price went back. In the meantime, however, many small retailers may have been pushed out of the cigarette business so effectively that they cannot come back.

We Haven't Liquidated—Yet

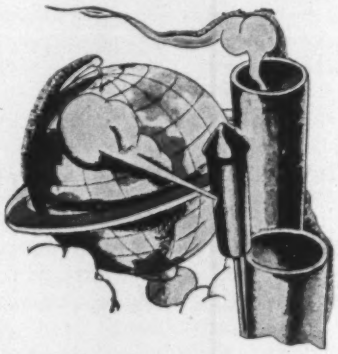
DESPITE the popular impression based on the huge reductions made in brokers' loans in the last seven weeks, virtually no progress has yet been made in liquidating the tremendous increase in bank credit due to pre-crash speculation and augmented during the crash. Even business recession since the market crash has brought no commensurate deflation of credit.

Through many months the volume of credit extended by the more than 800 weekly reporting member banks of the Federal Reserve system gradually increased with the expansion of business and growth of speculation. With the stock drop itself, there was a huge jump as the banks supported the situation. A peak was reached October 30.

"All other," or so-called "commercial loans," had a curiously unseasonal growth up to November 20, reaching a peak of $9,871,000,000. When the value of securities used as collateral drops below its loan value, the loan then goes into the "all other" class. This is apparently what happened in many cases.

From their October 30 peak, loans and investments together have dropped $1,289,000,000; total loans, $1,396,000,000; security loans, $1,290,000,000. And "all other" loans have gone down $222,000,000 since November 20.

But these figures may be misleading. Comparisons with totals of October 16, before the panic rush, reveal a much different picture. They show that, during the ensuing seven weeks, the loans and investments of the Reserve system banks made a net increase of $348,000,000. The loan total is $141,000,000 higher.



Loans on securities have jumped $14,000,000, despite the decline in brokers' loans. "All other," or commercial loans, now stand $127,000,000 above the October 16 level. The banks' investments (which represent money they have put into the open market) are $207,000,000 higher than they were on October 16.

Holiday needs do not explain these increases since the greater part of these needs are met by the Reserve banks themselves in supplying actual currency.

Jobless Britons See No Hope in MacDonald

European Bureau The Business Week

ALREADY expectations that the Labor government would alleviate unemployment are giving way to a sense of disappointment. MacDonald was warmly commended for appointing J. H. Thomas to the sinecure office of Lord Privy Seal, that Thomas might be free to concentrate upon the problem. Mr. Thomas is a skilled negotiator. He knows the mind of organised labor; is not hidebound either by doctrinaire theories or by political prejudice.

But there are indications that he lacks driving force; nor has he, it would seem, adequate grasp of economic factors.

The outlook for Britain is thus somewhat depressing. Thomas, who set out jauntily enough to Canada at the beginning of the Session (an action in itself which has been much criticised), is obviously not happy in his rôle. His attitude in Parliament is that of a conjurer whose repertory is already exhausted and who strongly suspects that he has been found out. The constructive work which he has been able to stimulate is almost negligible in volume.

Unemployment figures are rising; the November *Labor Gazette* shows an unemployment percentage of 10.4, and 992,000 are "wholly unemployed." In addition, 250,000 are temporarily out of work. Finally—and this is a pointed commentary on the situation—a Bill to amend the Unemployment Insurance Acts, just introduced, assumes that for eighteen months at least the volume of unemployment will not shrink.

J. M. Mitchell

Business Takes Stock of Itself

THE National Business Survey Conference called by the United States Chamber of Commerce in Washington last week brought together a larger and more representative group of business leaders than had ever been assembled in one place and for a single purpose, at least since the war. Although many were representatives of large concerns, it is significant that most were spokesmen for national business organizations.

The most impressive thing about the conference was the obviously sincere desire of those who attended to help in every way possible to carry out its purposes. There was little evidence of the usual tendency to use such gatherings as a platform from which individual trade interests or groups might get national publicity for themselves, their purposes or their grievances. The conference was marked by a genuine spirit of cooperation in following through any program that might be suggested.

The general purpose was to survey the situation and outlook and organize a systematic means of carrying down into business any practical suggestions for counteracting or checking business recession. The Assistant Secretary of Commerce stressed the importance of the closer organization of business and of the increased facilities of business contact today in making possible nation-wide cooperation of business men in carrying out any program and dispelling doubt and fear among business men due to ignorance of what is going on. There was general approval of the idea of increased cooperation between business and government as the basis for business expansion at this time.

The President emphasized the pledges secured in the previous White House conferences from leading employers not to reduce wages and the assurances from labor leaders that they would cooperate to prevent labor conflict and demands for increased wages. He emphasized again his belief in the possibilities of utilizing construction activity to offset recession.

Two points were stressed by officials to guard against misinterpretation of the administration's efforts. Plans for expanding export trade did not imply dumping or any form of artificial stimulation. Further, any effort to stimulate production of consumers' goods beyond normal demand was inadvisable because it also would involve future difficulties.

The United States Chamber of Commerce is expected to analyze and publish the reports made at the conference and to organize a number of committees to carry on the work. It is understood that appointments on these committees, which are difficult in spite of the cooperative spirit evidenced at the conference, will have to be finally approved by President Hoover.

What the future work of these organizations is to be has not yet been made clear. It is assumed, however, that they will receive and make public reports on business conditions from time to time and try to exercise a moral influence upon individual concerns throughout the country to avoid laying off men and reducing wages so far as possible. Probably they will try also to stimulate plant construction and modernization, or the maintenance of normal programs of this kind, by force of example or publicity.

Finally, they may also serve to focus business opinion to oppose unfavorable legislation or support favorable legislation which may retard or stimulate business confidence.

There is still some uncertainty as to whether these organizations should be set up as temporary committees to deal with the current situation or as standing bodies in an advisory capacity to the government.

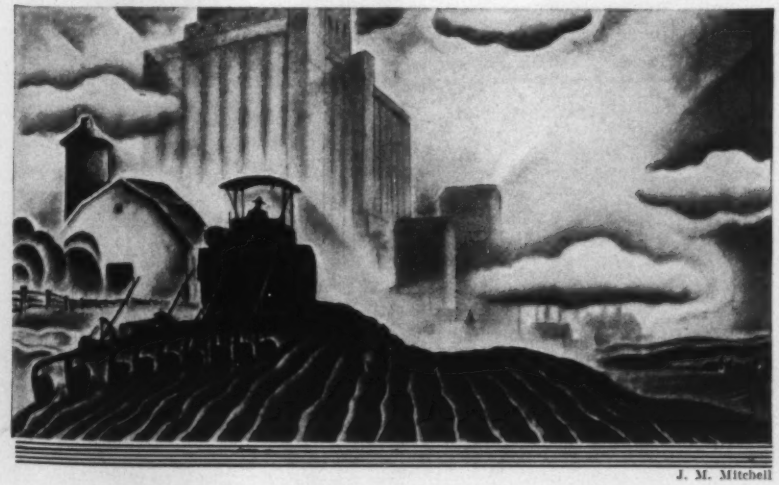
In the reports submitted to the conference by officials and trade representatives some of the high spots were:

Buying Power: It is generally realized purchasing power must be maintained. Instead of laying off men and cutting wages the tendency will be to reduce hours and to alternate employment, giving some income to as many as possible.

Building: Commercial building is over-expanded. On October 1, 11.5% of the total rentable area of office buildings was vacant. New buildings under construction will add 10% to present space, and the percentage of vacancy in May, 1930 will be 16%, at the present rate of absorption.

Modernization: There are more equipment orders on hand and in prospect than at any time in the past several years. Modernization of equipment and construction offers great possibilities even where expansion of construction is not desirable. The Steel Corporation will resist changes in either wages or prices in 1930. It regards the present as a good time for the industry to modernize existing plants and make repairs. Authorized expenditures for this purpose totalled $500,000,000. The industry's capacity will not be enlarged except to keep in step with the normal growth of business.

Cement: Shipments in 1929 have been about 3% less than in 1928. It was expected that shipments in 1930 would be from 5 to 10% less than in 1929, but as a result of the expected stimulation of road building, public works and industrial construction and maintenance work this slump may be forestalled. Re-



J. M. Mitchell

modelling of homes will employ a large amount of labor but not create a large market for building materials.

Finance: Ample bank credit is available for financing industry and trade, but too much expectation of cheap money is unwarranted. Moderate and stable interest rates will aid in distribution of securities but the issuance of new securities should not be stimulated. There is an increased demand for building mortgage securities and greater interest in home ownership as a result of experience of small speculators in the stock market.

Automobiles: Replacement demand plus exports will account for a production of 3,750,000 cars and trucks next year, about 75% of a normal year's business. New buyers, two-car families, and increasing truck and bus business should bring the total to 5,000,000. Continued expansion of road building will affect the motor industry favorably.

Shipbuilding: There is four times as much merchant shipbuilding under way now as a year ago.

Railroads: Expenditure program calls for $1,050,000,000, of which $490,000,000 will be spent in the first half of 1930 as compared with $350,000,000 in the first six months of 1929. In addition to these capital expenditures the roads are spending $1,300,000,000 for supplies for operation and maintenance.

Utilities: The 1930 program of the public utilities calls for an expenditure of $1,400,000,000 for new construction ($110,000,000 more than in 1929) and $410,000,000 for maintenance.

Textiles: Curtailment is less to be feared in the textile industry than in most others because it has already been thoroughly deflated. Wool and silk are likely to maintain 1929 levels next year. Action upon the tariff was stressed as an important factor in maintaining activity in the textile industry.

Chemicals: The industry will spend $250,000,000 in 1930 for new construction and plant extensions. Notwithstanding the stock market collapse in 1929 this year will be the greatest year in the industry, 15% ahead of 1928. Next year is likely to be even better.

Lumber: The greatest difficulty in the lumber industry is the unrestricted competition of Russia. The Japanese export market has been injured by discriminatory duties which are the result of lumber concessions granted to Japanese in Russia. Russia is making inroads upon other world markets, even invading the United States.

Electrical: Although in some lines electrical goods manufacturing will be higher in 1930, as a whole output will be about 3½% less than in 1929. Sales of household electrical appliances will be larger. Increased activity is indicated in heavy power-plant equipment, but industrial purchasers of electrical goods and railroad electrification will be smaller in 1930 due to unusually heavy business in the last year or two.

Insurance: Life and other insurance companies will have about $800,000,000 to invest in construction during the coming months of the year.

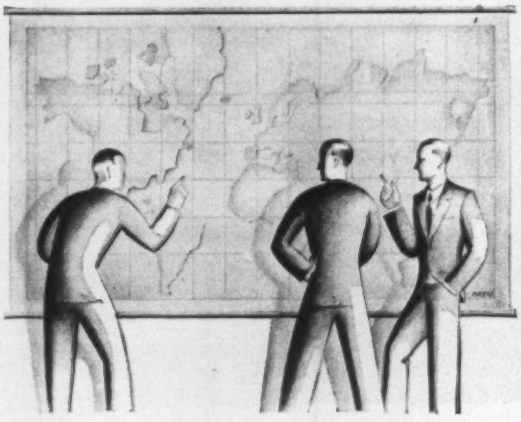
Shoes: Conditions are better than in years. Inventories are in good shape, modernization has been completed by many plants, capital is plentiful.

Real Estate: Although October was the worst month in the real estate business in the last three years, conditions are beginning to improve. The chief difficulty is excessive taxation of real estate.

Coal: The bituminous coal industry is in slightly better financial condition than last year due to economies in production. Expenditures of coal mining companies in 1930 will approximate $44,000,000.

Rubber: Present subnormal conditions are due to overproduction, but normal conditions are expected from January on. Exports are not expected to increase in 1930 owing to production abroad by American firms.

Collections: Cancellations and failures to meet instalment payments on automobiles have so far been almost negligible. Instalment collections on housefurnishings are slower than a year ago and are the biggest problem in that field.



Subsidies Feather Europe's Wings

THE real difference between American subvention and European subsidy has become a matter of argumentative importance in Washington. Shippers by air and water are both mixed up with the government in the debates.

Momentarily thrust aside by the shipping interests, aviation has taken stock of the situation. Present air mail contracts, in several cases called excessive by the government, have been temporarily extended until new rates can be agreed to; revised rates proposed by operators have been rejected by the Post Office department; a government committee is preparing a rate schedule.

Meanwhile, in the general panning of subsidies, aviation interests have made bold to point to Europe "where subsidies are subsidies, not merely subvention," where next year's budgets will continue present substantial aid.

France, last year, allotted $24,100,000 to aeronautics, of which $4,480,000 was in direct air transport subsidies. Germany spent an almost identical amount from an aeronautics budget of $12,920,000. Provinces and municipalities added large sums. Great Britain, looking to military protection of the empire, budgeted $77,000,000 for aeronautical growth, specified $1,119,000 for transport aid, encouraged air-mindedness by allotting $77,800 to light airplane clubs. Italy is spending $36,500,000 annually on aeronautics, $1,870,000 going to civil aviation. Holland, pressed by England's colonial transport schemes, urged by colonial traders to link home markets with Java, with Sumatra's rubber plantations, with the oil fields of Borneo, raised government aid from $500,000 to $1,005,000 for 1929.

Subsidy plans are not to run indefinitely, even in Europe. French, Dutch and British air transport alike will be required to fly on its own wings in another five or six years, with continued subsidy for colonial services.

Whatever may be the position taken in Europe, experts in this country are nearly unanimous in their belief that payment made in an air mail contract on a domestic route should depend on only one thing—the service rendered.

HE SAILED "TO GET AWAY FROM IT ALL"

Retailing ► Holiday Shoppers Buy Less Expensive Gifts

HOLIDAY shopping, keenly watched as a barometer of public buying power and public state of mind, shows all over the country a trend toward lower priced articles. Number of sales is good; unit of sale is smaller.

Basements are doing increased business. Imitation jewelry counters show remarkable increases in sales while high-priced jewelry sales are slow. Low priced gift articles sell better than they did last December.

The fur market is completely demoralized. Furniture is not doing well. Both these lines are slashing prices and using extensive newspaper space to stimulate sales.

Cities remote from Wall Street note less change from last holiday season. This is credible; there always is a perceptible lag in some lines between the time business recession is felt on the Eastern seaboard, and the time when it reaches across the Alleghenies.

In Chicago, however, George B. Everett, the outspoken president of Montgomery Ward & Co., remarked that "people are buying lower-priced merchandise." Luxuries were hit first, he said, but now necessities are affected. Sears Roebuck's 21% and Montgomery Ward's 17% gain in gross sales in November meant nothing at all, he said, because the figures were not reduced to sales per unit. Both chains have been opening new stores. He estimates 35% to 40% of the population was dabbling in stocks, and doesn't expect really strong retail business until September, 1930.

Check payments point to an increasing business recession and a trade 4% to 8% lower than at this time last year. During the last two weeks, volume of check payments has dropped precipitously. In 268 cities, check payments last week were lower by 21% than during the preceding week and 11% below a year ago. This week they are 17% below last and 25% below a year ago. If New York and nine other leading cities be excluded, the decrease is only 8% from last year. Cash in circulation has not increased sufficiently to account for this drop, even when the volume increase due to the "curiosity demand" for the year's new money is taken into consideration. Either the public is buying more lightly, or it is buying on credit.

Women Hesitate to Buy Long Dresses

WOMEN held off buying earlier in the season, not sure whether the new styles in frocks and gowns and coats and accessories were here to stay, not sure, moreover, they liked the new things. It is store history that many purchases, once deferred, never are made.

Higher-priced stores say most of the hesitation had disappeared by November, and the new styles were moving well. Popular-priced stores say hesitation continues among their clientele. And some well-informed style authorities say the American woman has made it emphatically clear that dresses with draggling points are dead for street wear.

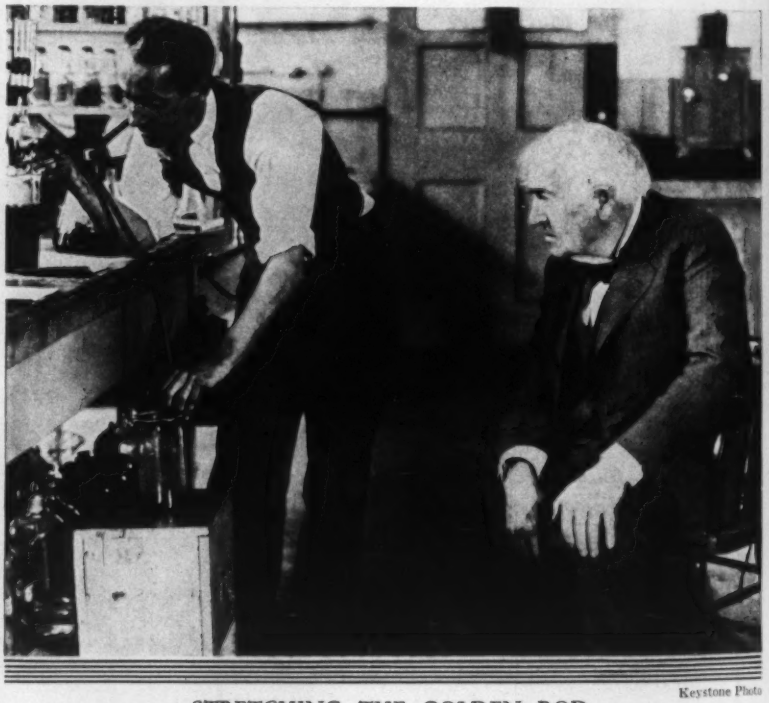
All retailers agree the new styles have slowed up business noticeably. Milady takes much more time to make her selection; it takes much longer to fit her; returns have turned upward as briskly as skirts have come down; the ratio of "lookers" to "buyers" has increased. All this of course backs up into the sales of shoes, millinery, other accessories that must harmonize with gowns.

Hardest of all it hits coats, which women wear more than one season and therefore buy with particular care.

As to Furs, Everything's Wrong

THE fur trade throughout the country appears demoralized. If women were sure what they wanted, they could pick up rare bargains. But then, if they knew what they wanted, there wouldn't be so many bargains. They have hesitated to have expensive furs made up in the new modes, which was the beginning of the troubles in fur.

The prolonged warm weather did the fur people no good. Neither did the break in the stock market. It was not of previous record that a furrier is of a more speculative turn than most, but it is true that so many were caught in the market that their dumping of furs to cover stocks margins seriously depressed fur



Keystone Photo

STRETCHING THE GOLDEN ROD

Thomas A. Edison observes one of the experiments to demonstrate that rubber can be extracted from the sneeziferous weed at 16 cents a pound

prices. Retailers, none too happy anyhow, immediately started to reduce heavy inventories at almost any price. That makes customers wait to see if still more cuts aren't going to come.

Modern Furniture Moves Slowly

SO far as furniture is concerned much of the slackness in buying appears to be the result of active sales efforts to push styles which are not agreeable to the popular fancy. Sales of pianos and high-priced radio sets have declined, and in many stores have actually stopped. Other items of the same general nature have suffered similarly, though offered at cut prices. Instalment sales hold up better than open charge sales.

The stock market break caused direct losses to some customers and to some retailers. Many whose investments shrank in value, even without causing a drop in their income, have become economical, and are not buying the new things they would have bought otherwise. And losses by retailers have resulted in some distress sales at absurdly low prices in order to realize money to meet pressing obligations. Instead of stimulating the market and improving the general situation, such sales have had exactly the opposite effect. Seeing so many cut price sales, the thrifty buyer now waits for still further reductions.

International Newsreel Photo

ONCE A FARM BOY

Jackson Eli Reynolds, head of First National Bank, New York, chairman of the conference to draw up the statute for the new International Bank

P. & A. Photo

TWO DOLLARS

R. Stanley Dollar, vice president of the Dollar Steamship Lines, and his daughter, Miss Diana Dollar

Federal Reserve Brisk as Can Be

ONE of the mildly astonishing developments in the situation was the action of the Federal Reserve Board in releasing almost three weeks earlier than usual its report on department store sales for November.

It shows these sales to have been slightly higher than for November last year, with a substantial gain in the Southwest-Kansas City sector. It makes no comparisons with October, 1929, however.

November was a poor month in New York City. December, with cold weather and the holiday stimulus, will be better. "After the first week in January, we shall really know how retail business is going to be," say the veterans.

Management ►

Mergers Must Merge Brains Or Fail

THEORETICALLY there are no limits to the size of mergers, but practically there are many. Human ability or, rather, the lack of it, is the most important factor in determining the size which a merger can attain and still be even fairly efficient. The successful combination must necessarily be a merger of brains as well as a merger of physical assets. Obviously, it is rare, because the uncertainties of reorganization make it difficult to keep the best executives, or to get rid of the poor ones without a disastrous effect upon morale of the entire organization. Hence, in the long run, most mergers fail to earn as much as the combined earnings of the separate parts, through inability of management to guide them to highest potential achievement.

These, in general, were the conclusions reached by industrial leaders who discussed mergers at the recent convention of the Taylor Society. Apparently they were agreed that the recent crop of mergers, taken as a whole, has four possibilities of success:

1. If the merger brings the total volume of business to a point where shipments can be made in carload lots;

2. If the merger can be so handled as to raise the average level of executive ability and eliminate the weak executives;

3. If the merger combines non-competing lines sold in the same market;

4. If the merger, by uniting its control, can have a monopoly dominance either of markets or of sources of supply.

The representative of a well known engineering firm told the society that his concern often found it difficult to collect fees when it advised against mergers, but that in a large proportion of cases honesty impelled the issuance of adverse reports.

Wireless ► Ship-to-Shore-to-Plane-to-Anywhere

OCEAN travelers can now lift the receivers of stateroom telephones and talk to friends in homes or offices ashore. Calls will cost from $7 to $11 a minute depending on location of the land phone. Such calls, in clear, static-free weather, can be heard over 1,500 miles of rolling deep.

The first call, put in by President Gifford to Captain Cunningham of the *Leviathan*, went by land wire to the radio station at Deal Beach; thence by short waves to the liner, 200 miles out. The captain's reply came over the air to the Forked River, N. J., station, then travelled the wires to New York. Other ships will be hooked into this ship-to-shore service but, as yet, "shore" means only New York, Paris and their inland connections. London awaits a new British Post Office radio station.

America goes into ship-to-shore radio telephony already linked with the shores of all the world, according to the annual report of the Chief of the Radio Division of the Department of Commerce. Its land stations are linked as well with 100 airplanes that have been equipped with radio apparatus to talk to 44 airports granted permits to install transmitters. Newest service to aviation is the dispatch aloft of radio photos showing weather maps for prospective landing ports, views of the ports themselves.

Metals ► St. Louis Finds A New Industry

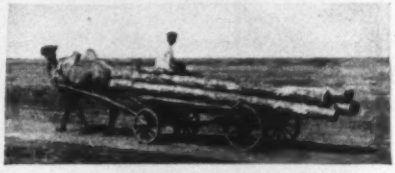
THE iron and steel mills of the St. Louis district have now obtained a nearby source of dolomite through efforts of a railroad geologist and the city's Industrial Bureau. A carbonate of calcium and magnesium, the material is used for metallurgical processes and furnace linings. Heretofore, St. Louis mills shipped it from Cook County, Ill.

A new company, Valley Dolomite Co., has acquired the deposits, and is preparing to take out 500 tons daily. The product is said to be superior to that imported from Germany and Austria before the war.

"Discovery of these dolomite deposits will serve to establish St. Louis as the center of a new industry which may become international in scope," said Dr. Charles W. Cuno, chemical and metallurgical engineer for the St. Louis Industrial Bureau.

Real Estate ► Put Skyscrapers On Ticker Tape

OPENING of the New York Real Estate Securities Exchange, Inc. on December 16 provides, for the first time, a place where securities based on real estate can be negotiated, sold, transferred. Present membership is limited to 250. Initiation fee, $5000; annual dues, $300. Procedure on the "floor" is similar to that of the stock exchanges.



Sponsors point out: For the past five years $6,000,000,000 has been added to the national wealth annually in new buildings. Added amount for land brings the figure to $8,500,000,000. Individual operators and owners put in only $2,500,000,000. The remainder is raised by sale of securities to banks or investing public. The lack of facilities for making these securities liquid, a vacuum in the business, will be filled by the new exchange.

Aviation ► Air Fares Nearing Ground Levels

AIR transport companies are not offering Christmas specials, but rates for next year over several routes show an appreciable reduction. Air travel is rapidly becoming little more expensive than land travel.

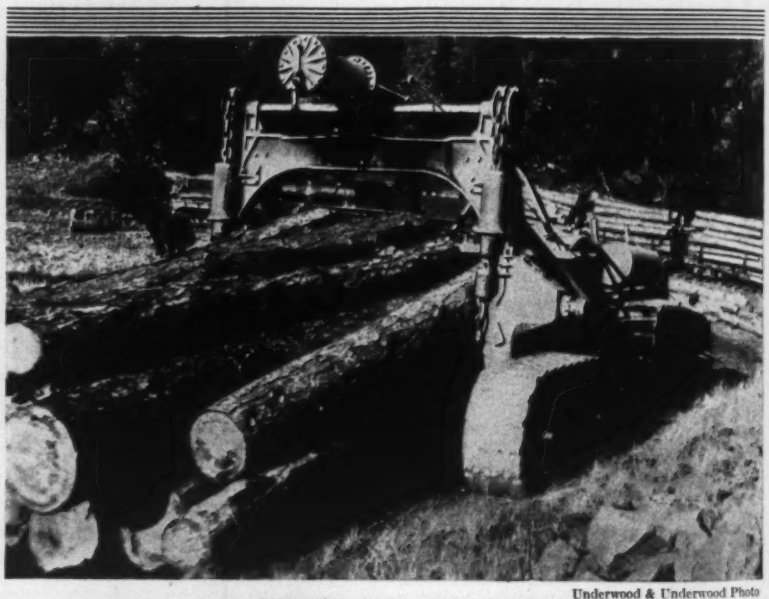
One of the biggest cuts—from $351 to $245—on T. A. T.'s Columbus-San Francisco line is already in effect.

Effective since December 2 on Colonial airlines are these rate reductions: New York to Albany from $25 to $14.70; New York-Montreal from $50 to $33.40; New York to Boston from $34.85 to $27.88.

To become effective January 14 are new rates on Western Air's Kansas City-Los Angeles route. The old $175 rate is to be cut to $140. Between Los Angeles and San Francisco the fare will be $21.50, in contrast to the present $33.

One of the most popular of the excursions offered to the public is Universal's Cleveland-Chicago week-end special with round trip fare of $37.50—same as the usual one-way fare.

Air transport companies are attracting the travelling public. In 1926 only 5,780 passengers were reported carried through the air. Last year 49,000 travelled the air way. The total for 1929 will exceed 85,000.



Underwood & Underwood Photo

BEFORE AND AFTER—

Once the logging industry of northern Caucasus, Russia, used camels to drag carts of lumber—they had supplanted the horse because they could walk faster and pull twice the load. Now camels have given way to sixty-horse power tractors

Newsprint ► Power of the Press vs. Power of the Premiers

CANADA proposes to increase by $5 a ton the price of newsprint. The Premiers of Ontario and Quebec are leading the movement. The price now is $55, with some surreptitious price-cutting here and there. At $55 and secret price-cuts, the mills say they aren't able to earn a profit. International Paper & Power Co. ran a $4,700,000 deficit last year.

Newsprint is the newspapers' only important raw material, their largest single item of cost. Which will explain to innocent readers why the great dailies are giving almost as much space to Canada's governmental effort to sustain prosperity there as they did to President Hoover's efforts to sustain it here—though, to be sure, with quite different emphasis. Obviously, the newspapers are bent on making good the forecast of THE BUSINESS WEEK that prices would remain level.

Investments in Canadian paper mills total $685,000,000. Also the electrical industry is deeply involved in the health of a great customer. Much of the newsprint is made from Crown lands timber; some of it from public-owned power. The Provincial governments can cancel leases for cutting on Crown lands. They can control power rates and leases. Ergo, it looks as if they could enforce what they view as fair prices.

International, suspected in the trade of running on huge contracts that "shade" the official $55 price, is operating full blast. Premier Ferguson of Ontario says some of this production must be shared with other mills now slack.

Asked if mills with long-term contracts at $55 could break them and exact the higher price, Premier Taschereau of Quebec remarked rather drily that mills which signed long-term contracts to make cheap paper from Crown timber for which they had no long-term contracts would have to solve the problems arising from their own imprudence.

Canada's argument is simple—that it must safeguard Canadian workmen, Canadian investment, Canadian natural resources. Also that if newspaper publishers should succeed in ruining smaller mills, the inevitable effect would be a merger that eventually could charge whatever it wished.

The newspaper publishers do not try to plead narrow margin of profit. They merely argue that as some mills make money at $55 a ton, it is a fair price. They raise again the international issue; talk of getting help from Washington.

International Newsreel Photo

FOR BOARD MEETING WEAR
New York's best-dressed business man is George McNeir, says Leopold Seyffert, artist

Exporting ► Easier Trading Means More Trade

RECOMMENDATIONS for the advancement of inter-American trade by standardizing customs procedure and port formalities, signed by the delegates to the recent conference of the Pan-American Commission, possess great significance as showing an unexpected spirit of cooperation among American republics. But their actual effect upon trade cannot be determined for months, perhaps years, inasmuch as they must first be submitted to the signatory countries. Ratification will pledge the various nations to undertake legislative and regulatory action necessary to make the recommendations operative.

The United States delegates signed the recommendations, but with reservations to the article providing that foreign valuation be uniformly and universally applied as the basis for assessment of customs duties. This reservation was made because the basis for valuation of imports is involved in the pending tariff legislation. In its present form, or lack of form, the tariff bill provides for a general inquiry by the Tariff Commission.

One of the most important of the recommendations is that a central authority, preferably a customs court, be established in every signatory nation to hear and rule upon appeals from decisions of customs officers.

Automotive ► Rum-Runners Bad Instalment Risks

THE rights of automobile finance companies when cars which they are selling on deferred payments are seized for illegally transporting liquor, may be more clearly defined by the decision of a case now pending before the United States Supreme Court. The Court has granted a writ of certiorari in the case of the Richbourg Motor Company vs. the United States, involving the seizure of a Ford coupe in North Carolina.

The Supreme Court will probably decide whether the government should seize cars under the Prohibition act or under the Internal Revenue laws. The distinction is important, because under the former lien holders are afforded an opportunity to protect their interests. Under the latter they are not. Finance companies urge amendatory legislation.

International ► Border Barriers Resist the Wire-Cutters

INTERNATIONAL business unfortunately has to be done through a barbed-wire entanglement of legal obstructions in practically every country. Efforts to lower these barriers by international agreement are slow and painful, but the encouraging fact is that they go on. Last week one such effort died, but another was revived. Both were of great importance to American business abroad.

The International Conference on Equal Treatment of Foreigners (THE BUSINESS WEEK Nov. 9,) which has been struggling along since Nov. 5, finally gave up the job and recessed until some time next year without getting anything done. Its purpose was to draw up a treaty improving the status of foreigners and foreign enterprises already established in a foreign state. This treaty would have eliminated the nuisance regulations affecting salesmen and sales agencies, easing the burdens of double taxation and the like. The United States, "unofficial observer," had a great deal to contribute to this effort, but legally could do nothing because the Federal Government could not commit the forty-eight states to anything.

This fact, however, cannot alone be blamed for the failure of the conference, nor can the fact that Russia was not in the party. The main trouble was that certain European countries wouldn't play ball. The European Bureau of THE BUSINESS WEEK reports that while a more or less broad agreement of northern and western European powers appeared possible, with the Dutch especially helpful, the multiplicity of special interest reservations and qualifications of other countries, notably Poland and Czechoslovakia, Italy, Spain, and Brazil, made neither a broad agreement between a few powers or a narrow agreement among most countries possible at this time. Here, again, it seems clear that some of the European nations who have been criticizing the United States for her selfish international commercial policies live in glass houses of their own.

This was illustrated Sept. 30 when the League of Nations Convention for the Abolition of Import and Export Prohibitions, which had been drawn up at Geneva a year before, failed of ratification by enough nations to put it into effect by that time (THE BUSINESS WEEK, Oct. 5, 1929). The United States had ratified the Convention Sept. 19, because our importers and exporters would have benefited substantially by it. Poland, Czechoslovakia were conspicuous among those that failed to agree to the Convention.

Now, the League of Nations, aided by the United States, makes another effort to get enough signers to put the agreement into effect. It may be possible at the conference now going on in Paris at least for those who have ratified the agreement to decide to let it go into force among themselves, even though some of the recalcitrant countries hold out.

This Convention has a direct bearing upon American export trade, particularly in regard to automobiles. Austria, Czechoslovakia and Poland have been limiting the quota of automobiles from the United States—Austria to 300 per year; Czechoslovakia to between 1500 and 1900, and Poland, on a tonnage basis, to 1,000 metric tons. An American attaché at Prague has estimated that with existing 43% import duty, if the license restriction were abolished, between 4,000 and 5,000 American cars could be sold annually in Czechoslovakia.

The United States, on its part, is not making any sacrifices in signing this agreement because it has no economic restrictions on importation which would be abolished by the Convention. This may account for part of our enthusiasm about it.

Wide World Photo

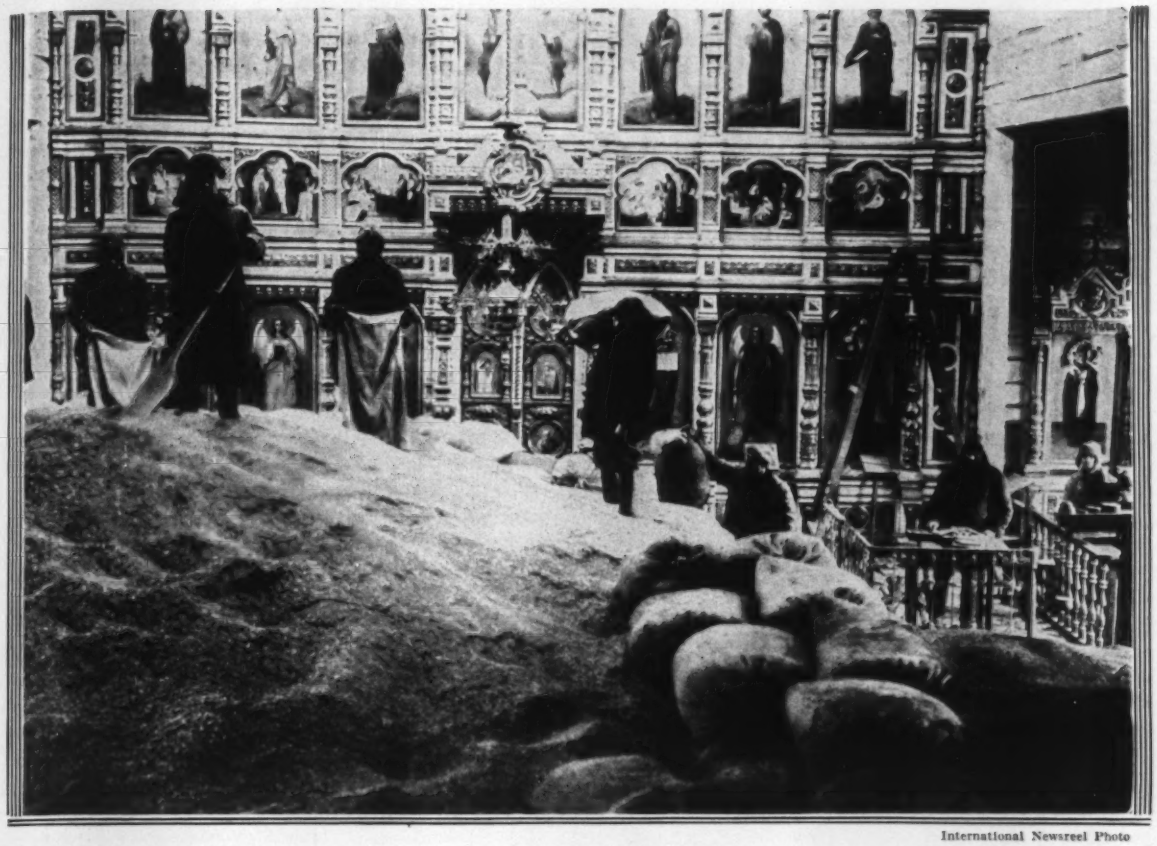
AMERICAN CORN KING

L. M. Vogler, of Hope, Ind., displays the ten ears of White Dent corn which won the Grand Prize at the International Hay and Grain Show, Chicago

Radio ► Boston-Baked Censorship?

SIX New England broadcasting stations have made a trade practice agreement, abetted by the Better Business Bureau of Boston and the Federal Radio Commission. They want to eliminate fraudulent or misleading advertising, stop broadcasting of derogatory statements, prevent any "dishonest, fraudulent or dangerous person, firm, organization or advertising" from gaining access to the radio public.

Suppression of dishonest, fraudulent or misleading advertising is in line with policies of the Federal Trade laws, with the present trend of court decisions. But addition of the category of "dangerous" persons or organizations, implies a censorship which may go beyond present legal authority. Outside of Boston, where censorship of all kinds has prospered, agreement to exclude "dangerous" people from the use of a public medium of expression might be questioned on grounds of constitutionality.



International Newsreel Photo

BRINGING IN THE SHEAVES

Russian peasants crowd into the church at Petrovsky with their wheat for registration and distribution by Soviet officials. The crop this year is so large that churches have been pressed into use as storage warehouses

Agriculture ►

The Farm Board Enters The Grain Pit

CORRESPONDENTS of THE BUSINESS WEEK in the Northwest say some of the confusion and conflict about methods of marketing grain under the Farm Board plans is being cleared up. But the board's troubles in getting farmers and others to work together are not over. The private grain traders have still to be reckoned with.

Three rival organizations have been fighting for control of the Northwest's business to be handled for the Farmers National Grain Marketing Corporation set up by the Farm Board. The North Dakota-Montana Wheat Growers Association, a pool operating in the two states producing about two-thirds of the total spring wheat of the Northwest, and the Farmers Union Terminal Association of St. Paul, were established organizations in the field. Both are stockholders in the Farm Board corporation. Two weeks ago, another, the Northwest Grain Cooperative, was launched. The three now embrace practically all the important organizations of the region.

The struggle for supremacy was not merely a battle of organizations and organization officials, but one of principles and methods. The North Dakota-Montana outfit is a seasonal pool; the farmer gets what he gets at the end of the season. The Farmers Union Terminal Association offers advance payment at a minimum price supported by Farm Board credit. The new association is said to have been set up by the grain commission traders who control the local county elevators and pay the current price for wheat when delivered or sold.

The real nature and purposes of this organization are still uncertain, but the Northwest believes it represents an attempt of the private grain commission firms to tie the local farmers' elevators, in which they are financially interested, into an association against the cooperatives, that have fallen in with the Farm Board's program. The board, nevertheless, has recognized the new association and apparently wants to include it as part of its machinery and force cooperation among the three organizations.

Whether this move will placate the grain commission men is doubtful. They seem to be organizing to fight. They have appealed to the President over the Farm Board and are said to be campaigning among grain elevator companies and cooperatives, attacking the board's program and urging revolt.

The Farm Board shows a determina-

tion to carry the fight into the enemy's camp. Its corporation acquired membership on the Chicago Board of Trade, the world's biggest grain market, by purchase, December 6, of the Rural Grain Company, brokerage subsidiary of the National Farmers' Elevator Grain Company, an organization of 300 Illinois and cooperative Iowa elevators. Its president was S. J. Cottington, now president of the National Grain Marketing Corporation. What is the Farm Board going to do in the grain pit?

"We intend to keep exchange sales of our grain at a minimum," Mr. Cottington tells THE BUSINESS WEEK. "Wherever possible, we shall sell direct to miller consumer or export buyer."

The new marketing program cannot be announced until a general manager of sales is appointed. Selection is yet to be made. At least one candidate—Charles W. Lonsdale, a grain dealer of Kansas City—refused the job because he believes the Farm Board's program will fail.

Pending this appointment, no answer is available as to how closely the Farmers National will work with established brokerage firms and commission houses.

In any case the Farm Board apparently is prepared to fight the grain traders with their own weapons and take a hand in grain speculation itself, if they do not surrender to its policies. When it does, with its elaborate organization of producers and marketing agencies behind it, it will dominate the world grain market, and its operations will be a game worth watching.

Washington correspondents of THE BUSINESS WEEK, however, see signs of some modification of the Farm Board's policies in order to mollify the grain trade. Press reports have it that at a meeting in Washington, December 4, Julius H. Barnes, one of the country's largest grain exporters, and close friend of President Hoover, aligned himself with the grain trade against the Farm Board; but the fact appears to be that Mr. Barnes acted as a mediator between the antagonists, with the result that the board is considering whether its schedule of loans on grain should not be lowered to give the grain commission men more leeway for profitable business in handling wheat. This will doubtless meet with strong opposition from farmers and raise a storm in Congress.

Foods ► **Stock Drop Never Touched Them**

UNLESS there develops such a break in national business confidence as will interfere with the normal hold-over of stocks and their orderly marketing, the food market will prosper undisturbed by the stock market. "The break came at the least dangerous season of the year," says Gordon C. Corbaley, president of the American Institute of Food Distribution, "and the food markets are in the best position they have held in years."

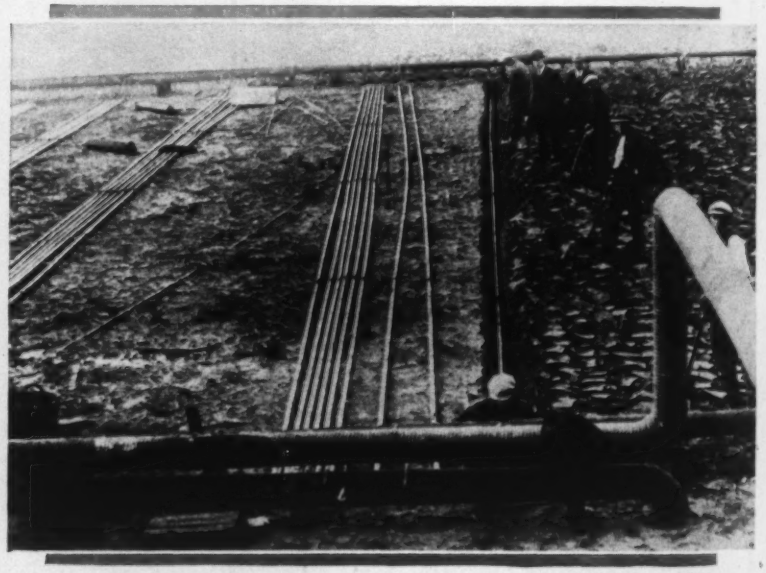
Automotive ► **Took November on Low, But Shift to High for 1930**

NOVEMBER with an output of 214,400 cars and trucks in United States and Canada seems likely to be the motor car industry's low month for 1929. There are many indications that production will increase after this month—not to the heights reached earlier in the year but high enough to dispel any impressions that the industry has received a mortal blow from the stock market, over-production or saturation.

Ford is caught up on his old models, is getting set for the new one to be announced about January 1. Briggs Manufacturing Company, which supplies most of Ford bodies, is returning to full production. Other suppliers of Ford parts have been expanding their activities in anticipation.

Ford output in October was 104,000, a reduction from the 112,000 produced in September. His November total was still lower. This month should see the decline halted; January, a real start on a production schedule which, Mr. Ford promises, will surpass any heretofore.

Chevrolet production increased from 61,000 in September to 64,000 in October. December schedule calls for 30,000 vehicles. Other makers are cleaning up old stocks and are preparing for the new market to be opened up by the National Shows. Chrysler has partially resumed operations. Oakland-Pontiac has 8,000 units scheduled for December, including the new V-type Oakland eight. Willys-Overland, Buick, Nash, Oldsmobile, Hudson-Essex and others are speeding



Underwood & Underwood Photo

BIGGER AND BETTER TULIPS

New heating system permits bulbs to stay in the ground until Christmas at a famous tulip garden in Holland. Hot water is forced through pipes which cover the garden, regulated at various points by thermostats. Blossoms from these bulbs are larger and more beautiful

up their schedules or expect to before the first of the year.

October car sales are reported at 290,000 compared with 304,000 in September and 285,000 in October last year. Reports to *Automotive Industries* indicate November sales from 8 to 50% below October. Used car sales follow the same course. Cars selling for more than $1,000 are disposed of with difficulty. Eastern dealers, generally, are not pleased with 1930 prospects. Dealers west of the Mississippi look for fewer sales but more profits.

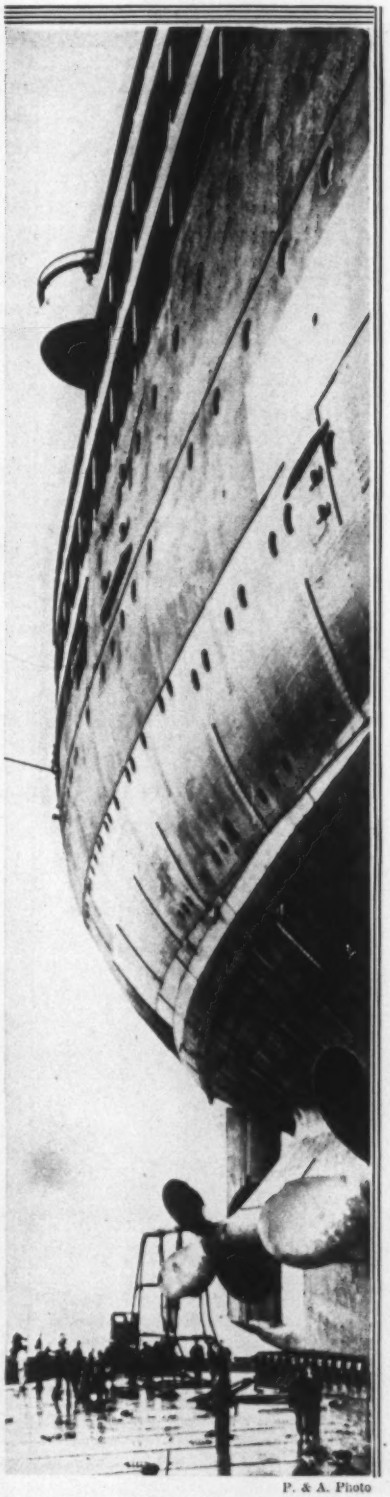
Ten months' exports of automotive products were valued at $510,023,000, compared with $440,177,000 for the same period of 1928. Monthly export averages through October of the last three years were: 1927, $34,626,000; 1928, $44,018,000; 1929, $51,002,000. Value of October, 1929, exports was $34,661,000, the lowest for the year.

Fewer passenger cars have been exported this year than last but many more trucks. Truck exports total 173,964 compared with 112,564 in 1928. Car exports are 312,682; were 317,699 last year.

Against November's American and Canadian production of 214,400 units stand totals of 394,400 for October and 268,900 for November, 1928. Total production for the year so far is 5,480,000. During the entire year of 1928 total output was 4,601,000. With December output estimated at around 200,000, total 1929 production will be approximately 5,700,000 cars and trucks, a record not to be beaten for some time.

Agriculture ► **Bad Housing Makes Bad Eggs**

A NEW type of mold spoilage encountered on the shells of eggs has been traced to the presence of green or unseasoned wood in the packing cases in which the eggs are shipped. At first the mold is confined to the outside of the shell, but may eventually penetrate the shell pores, creating the black mold spots which are often seen during candling. If the spots are on the outside only the eggs have no moldy flavor, but because of their dirty appearance must often be sold as seconds. The source of the mold was ascertained after extensive investigation by the Food Research Division, Department of Agriculture.



P. & A. Photo

SPEEDIEST LINER

The Bremen, holder of record for trans-Atlantic crossing, undergoing routine inspection at Southampton, before sailing with Christmas mail

Automotive ► **But Purses Are Seldom Patriotic**

EUROPEAN manufactures continue their drive to stem the invasion of American motor vehicles. Last week saw their third meeting to discuss means of resistance. A similar move, two years ago, failed from lack of harmony. The present action started at the Paris Motor Show in October.

While higher tariffs, contingent or quota schemes have been considered, the present plan seems to be to rely on patriotism, inspired by Mussolini's successful "Buy Italian cars" movement. The joker in the plan is that discrimination dares not be shown against American cars alone. Belgian sales to France would be injured; so would French sales to Germany.

But peacetime pocket-books have seldom turned patriotic, Fascist exceptions proving the rule. If they get that way now, American concerns with foreign assembly and manufacturing plants should have an advantage.

Electricity ► **Fuel Must Carry The Power Burden**

AMERICA'S electrical energy is coming — must come — increasingly from coal-, oil-, and gas-burning plants; decreasingly from water power.

Only 31% of our total output of electrical energy was generated hydraulically this September; 12% less than in September, 1928. But the September output of fuel-burning plants was 24% greater than in the same month last year.

More than two-thirds of the country's potential water power available 50% of the time or more—total 55,030,000 horsepower by an *Electrical World* survey—is in 11 Western states, out of reach by present transmission methods of the center of population, now in Indiana. The densely populated states are already drawing heavily on their available water power; in future, must draw more on steam.

The survey cited shows that about 13,571,530 horsepower has been developed from streams; one-eighth by manufacturing plants, seven-eighths by public utilities. More will be developed but that, alone, means more fuel-burning plants, indispensable wherever power supply is dependent on a variable stream flow.

Government ►

Trade Commission Asks Power to Call for Books

THE Federal Trade Commission, now a fact-finding body with sharply limited powers of subpoena, wants more authority. In its annual report, the commission asks Congress for legislation to strengthen its control over witnesses, and enable it to "compel the production of books and papers" of companies under investigation. The commission would limit such power to the "general scope of matters now committed to the commission by its organic act," and would exercise it only upon the direction of the House or the Senate.

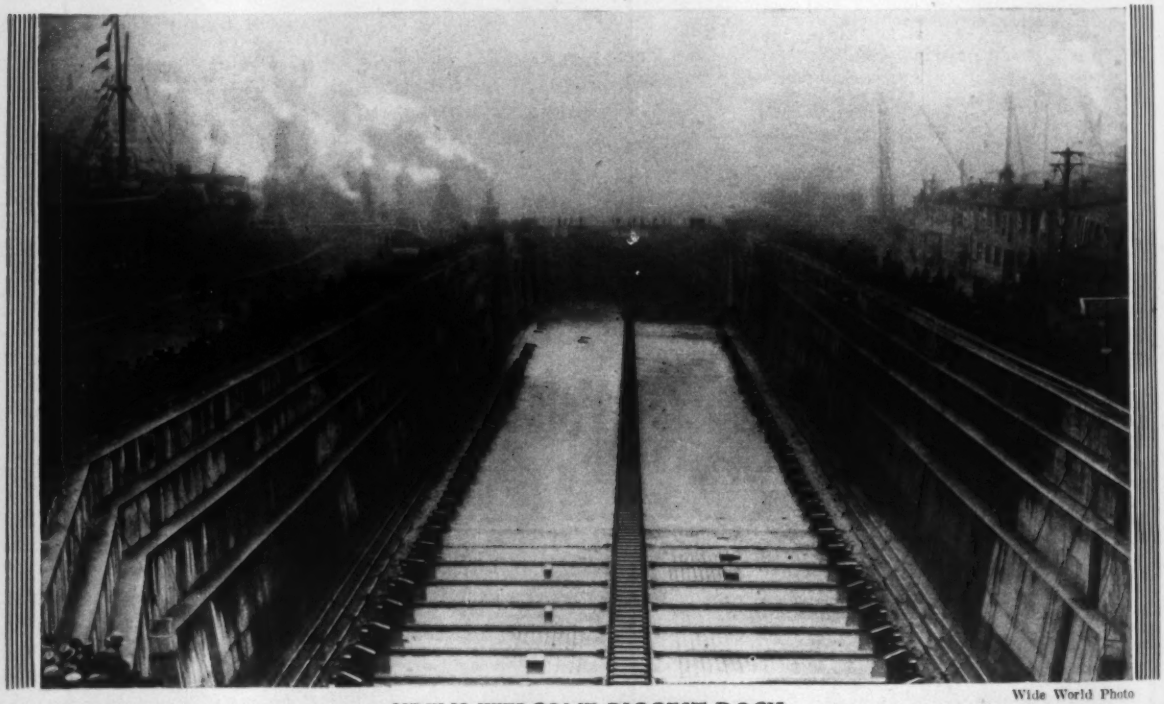
Such a law would considerably change the character of the commission's hearings and investigations and enlarge the scope of its work. Unless politics intervened with the usual disastrous results, it might very well increase the commission's usefulness. Under the present system many important inquiries prove abortive because companies refuse to produce their books for examination. In some quarters the recommended amendment will be greatly resented on the ground that it might result in fishing expeditions, but that danger is practically eliminated by the commission's proposal to limit the new power, and to use it only upon direction of Congress. And Congress already can go fishing any time it wants to. It would seem, then, that the proposed amendment would cause no more unwarranted investigations than at present, but that it would enable the commission to be more thorough in its legitimate inquiries.

The commission, investigating utility companies under a Senatorial resolution, asked the courts for permission to compel Electric Bond & Share to produce its books for examination. Judge Knox held that the commission "had not yet established probable cause to believe that the books and papers called for by subpoena duces tecum contained evidence relevant and material to the inquiry."

The report disclosed the fact that the government has practically no power to halt, or even control, the tide of mergers and consolidations. During the fiscal year the commission initiated 196 inquiries into stock acquisitions, but they have now dwindled to less than half a dozen. In those the commission believes that section 7 of the Clayton Act, directed against competitive combinations, has been violated. Half of the commission's inquiries disclosed acquisitions of assets. The statute applied only to stock acquisitions.

Formerly the commission believed that transactions in which stock was acquired prior to assets violated the law. The Supreme Court, however, held that the commission was without jurisdiction unless it had issued its complaint prior to the acquisition of assets. The commission considers that this decision has limited and in a measure nullified its attempts to cope with the mergers and combinations.

The trend toward consolidation of integrated industries is beyond the scope of prosecution under the Clayton Act. Most of these combinations are of corporations engaged in the distribution of allied but non-competitive products.



Wide World Photo

SIRENS WELCOME BIGGEST DOCK

Scores of tug boat whistles screech while more than 2,000 persons watch opening of the new Todd graving dock, largest on Atlantic coast, at the Erie Basin, Brooklyn. The dock, capable of accommodating two liners, has a top width of 120 feet, a keel block width of 90 feet, and is 750 feet long, 50 feet longer than the largest dock of the New York Navy Yard

P. & A. Photo

NOW IT WILL BE TOLD

On Wall Street's last big day judgment floundered because the old ticker fell hopelessly behind. This new one, soon to be installed in brokers' offices, will report a 7,000,000-share session easily, promptly

Finance ► France Takes Step To Become World Banker

By Special Cable to The Business Week

SEVEN leading French banks and one Belgian bank have joined in organizing a specialized acceptance bank in Paris. It probably will be named La Banque Française d'Acceptation. Its capital is $4,000,000 of which one-quarter is paid. It is authorized to accept fivefold more capital. The bank will open for business January 1, primarily financing acceptances on raw materials.

Not as spectacular as the circus billposting it got in advance—"Paris is about to become the world commercial banking center; let London and New York beware"—nevertheless this is a highly important step in the development of Paris into a financial center of international operations and influence.

France has come back. The nation whose ability to pay debts was appraised not so long ago at 48% has, since Poincaré's masterly operations and since the Morgan loan, accumulated more than $2,000,000,000 in liquid assets. Of this, $1,000,000,000 is treasury surplus (an authoritative estimate) of which half is foreign exchange, and $700,000,000 is Banque de France assets, swollen recently by the repatriation of the franc.

Organized financing, hoarding of foreign surpluses, large tourist expenditures, have made France one of the world's richest countries in terms of quick assets —certainly the richest in Europe.

France enjoys great advantages. It is traditionally the country of surplus capital. The Tardieu government seems thoroughly intent upon reducing taxes, notably a reduction of taxation on commercial documents. France is a great tourist land, the threshold of all Continental tourist traffic. It is potentially the center for foreign companies' merchandise movements. It has the lowest money rates in the world now—3¼%. Yet it is said it took visiting American bankers to awaken France to its opportunity.

The new acceptance bank, therefore, gets off to a propitious start. La Banque Union Parisienne is the leading spirit, and probably will supply the president. Other members are: Banque Paris; Banque Pays Bas; Credit Lyonnais; Banque Nationale Credit; Credit Commerciale France; Credit Mobilier Société Génerale; Société Generale Belgique (through its subsidiaries, Banque Italo-Belgique and Banque Belgique pour l'Etranger).

So many participants forecasts future secession of individual groups if the plan is successful.

The new bank claims wide international offers of rembourse deposits already totaling $15,000,000. While the directorate will be French, it probably will include several foreign managers experienced in acceptance banking.

Promotion ► Power Company Empire-Builder

ONE response to the dismal picture of New York's industrial decline presented by the Committee of Twenty-five of the New York State-Wide Economic Congress (THE BUSINESS WEEK, Nov. 2): Formation of an industrial development bureau by the Niagara Hudson Power Corporation to bring industries into the Empire State. Activities will include: National advertising campaign to "sell" the advantages of the state to industry; maintenance of expert staff to counsel new and old industries on management, transportation, plant location, finance; detailed study of financial and management conditions in New York's industries.

Distribution ► New Guide To Markets

SALES organizations planning 1930 campaigns have a new guide to follow in the Market Data Handbook of the United States, published by the Department of Commerce and sold for $2.50 through the Superintendent of Documents, Washington. To meet distributor requirements, figures and facts are supplied by counties. Included are data on bank deposits, newspaper circulation, automobiles registered, income tax returns, postal receipts, numbers of trade outlets and many other points.

Railroads ► **Plea to Congress Admits Impotence**

THE Interstate Commerce Commission's urgent plea to Congress to investigate railroad holding companies is due to its conviction that, as the Clayton law is now framed, it would be futile to proceed against them. Commissioners Porter and Farrell, believe that, after protracted litigation, the commission might possibly—just possibly—establish its jurisdiction over Alleghany and Pennroad Corporations; the other law members of the commission believe that to bring the holding companies into court would simply be a waste of time. In other words, the commission has decided that Congress might better be called upon now than later to decide whether the holding companies can be controlled, and if so, how.

Some observers argue that the present tangle might have been avoided if the commission, 9 years ago, had adopted a "final" plan of consolidation.

Government ► **Who Will Get I. C. C. Posts?**

THOSE who do business willy-nilly with the Interstate Commerce Commission are asking whether there will be a shift to the right or left, or no shift at all, when President Hoover names successors to Joseph B. Eastman, Massachusetts independent, and Richard V. Taylor, Alabama Democrat, whose terms expire December 31.

The Washington consensus is that New England and the South will hold their representation on the commission; that the successor to Mr. Eastman will be Mr. Eastman; that Alabama will have to give up the place won for it by the late Oscar W. Underwood to another southern state—one newborn into the Republican party at the last election.

North Carolina's congressional delegation has a candidate, Allen J. Maxwell, chairman of the state corporation commission, recommended to the post as far back as the Wilson administration. Georgia would support George B. McGinty, veteran secretary of the I.C.S., but because both out-going commissioners seek re-appointment, the proprieties keep Mr. McGinty silent.

If President Hoover reappoints Mr. Eastman it will be a gesture of personal respect for the commissioner's merits. Wall Street doesn't like him. The railroads charge against him: one-time advocacy of modified public ownership; an awkward disposition to probe into consolidation plans; pressure on the commission to favor placing of freight rates on a mileage basis. He is classed among the advocates of a fifth system in eastern trunk line territory.

Railroads ► **Span Continent —With Buses**

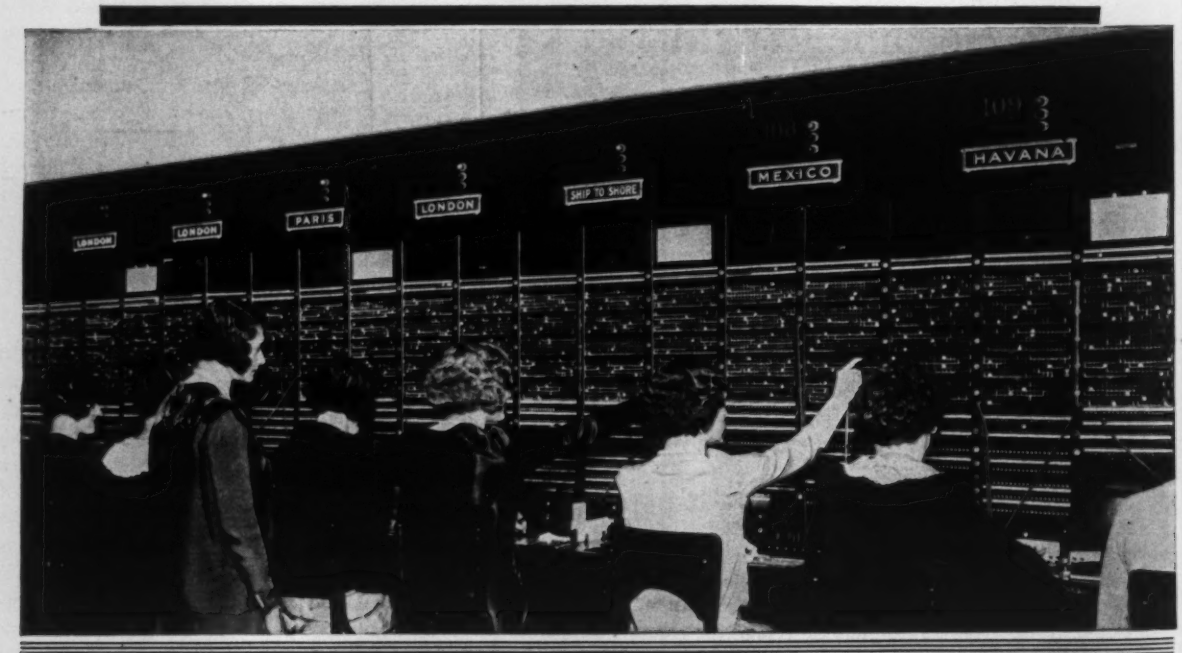
INAUGURATION of the Union Pacific's transcontinental motor bus line (Los Angeles-New York) through a subsidiary, Interstate Transit Lines, marks the direct entry of the railroads into the cross country highway field. Two buses daily in each direction are scheduled. Transportation experts believe other roads will follow the Union Pacific's lead.

Shipping ► **Ship Plan Still "Too Ambitious"?**

POSTMASTER GENERAL BROWN'S scaled-down demands for new sea mail carriers—28 ships costing $136,000,000—are still "too ambitious." Supporting this criticism, the Shipping Board says charges on the faster ships called for would be greater than their operators' income from mail contracts.

Charges are estimated at 11½%—3⅜% for 75% of construction loans by the Shipping Board; 6% for the balance; 5% for depreciation; 2½% for insurance.

In mail contracts which award $2.50 a mile to 10-knot vessels, $14 a mile to 28-knot types, critics see disproportionate advantages for slower, cheaper vessels; propose that the spread be increased to benefit faster, much costlier ones.



P. & A. Photo

FIRST SHIP-TO-SHORE TELEPHONE

Foreign service section of the A. T. & T. switchboard in New York City, which will handle the calls in the new ship-to-shore service. The new service was opened with the Leviathan when the ship was two hundred miles at sea

What the Figures Show

THE latest week's records show continued gradual decline in basic industrial activity in some lines, with a more rapid falling off in general trade. This business recession is explainable as a combination of concentrated seasonal decline and reaction to boom conditions early in the year.

Steel ingot production is down to about 64% of capacity for the industry as a whole as compared with 67% last week and 82% a year ago. The Steel Corporation is at 65% as against 68% in the preceding week and 82% last year. Independents are running at about 62% as compared with 65% the week before and 82% a year ago. These conditions are a reflection of the low level of automobile production, which is about at its minimum now. In other lines steel demand continues fairly active.

Steel ingot production in November declined nearly one million tons. This drop of over 22% was considerably larger than has been registered between October and November in any previous period of business recession since the War. At the same time unfilled orders of the Steel Corporation as of November 30 increased by 38,783 tons to 4,125,000 tons, the largest November figure since 1925.

FIGURES OF THE WEEK

(Compiled with the co-operation of the Survey of Current Business)

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	64	67	82
Building Contracts (F. W. Dodge, daily average in thousands)	$21,722	$21,466	$17,026
Bituminous Coal (daily average, 1,000 tons)	1,666	1,829	1,651
Petroleum (daily average, 1,000 bbls.)	2,631	2,638	2,521
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	167	158	180
Check Payments (outside N. Y. City, millions)	$ 5,787	$ 5,913	$ 6,192
Wheat Receipts (1,000 bushels)	4,234	3,811	11,192
Cotton Receipts (1,000 bales)	550	522	581
Cattle and Calves Receipts (1,000 head)	242	325	214
Hog Receipts (1,000 head)	588	648	479
Wool Receipts (1,000 lbs.)	1,252	3,008	3,477
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.25	$ 1.21	$ 1.13
Cotton (middling, New York, lb.)	$ .174	$ .174	$ .204
Iron and Steel (composite, ton)	$35.95	$35.97	$36.24
Copper (electrolytic, lb.)	$ .178	$ .178	$ .158
All Commodities (Fisher's index, 1926-100)	92.7	92.3	97.1
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,538	$17,698	$16,291
Commercial Loans, Federal Reserve member banks (millions)	$ 9,649	$ 9,809	$ 9,009
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,425	$ 3,392	$ 5,176
Federal Reserve System Ratio	71.6	71.5	64.2
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	22,854	8,087	29,129
Stock Prices (N. Y. Times, average 50 stocks)	$210.90	$201.76	$218.70
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$81,327	$51,404	$51,101
Bond Prices (Dow, Jones, average 40 bonds)	$ 94.42	$ 93.93	$ 96.37
Interest Rates—Call Loans (daily average)	4½%	4½%	9%
Interest Rates—Time Loans (daily average)	4¾%	5 %	7⅞%
Business Failures (Dun, number)	455	371	448

NOVEMBER automobile production in the United States and Canada fell to 214,400 from the October figure of 394,400, and was considerably below the 268,900 figure for last November. This brings the eleven months' output to 5,480,000 as compared with 4,601,000 in the corresponding period last year.

The daily average of building contracts showed a rise for the week and was surprisingly above the level of a year ago. Heavy construction contract awards, according to *Engineering News-Record* figures, declined for the week ending December 12 and are below last year's level. The S. W. Straus figures of building permits for November showed a decline of 29% from last November.

The rate of bituminous coal production fell off for the week but is still practically on a level with last year. Petroleum production declined slightly but remains above last year's level.

Commodity prices showed continued strength. On the average wheat was slightly higher than in the preceding week and the margin above last year is being maintained, although toward the week-end selling by discouraged long holders drove prices down sharply. Exports improved considerably for the week ending December 7. Cotton is holding fairly steady, in spite of slack consuming demand, but is still three cents below last year's level. The iron and steel composite was shaded a bit to a new low

figure for the year, but scrap prices are reported to be strengthening. Copper remained steady, with some improvement in export demand.

THE general trade indicators made a very poor showing this week. Allowing for the Thanksgiving holiday the daily average of all classes of carloadings rose for the week but is considerably below last year. Miscellaneous and less than carload merchandise loadings showed almost exactly the same drop for the holiday week as last year but are considerably below a year ago.

Money turnover as measured by check payments declined sharply for the week and was considerably below last year's level. Outside of New York and other cities where bank debits may reflect the decline in security trading the drop was about 7% as compared with a year ago. Commercial loans of Federal Reserve member banks were also sharply reduced for the week but were over $600 million higher than last year.

The number of business failures increased sharply for the week and is somewhat above last year's level.

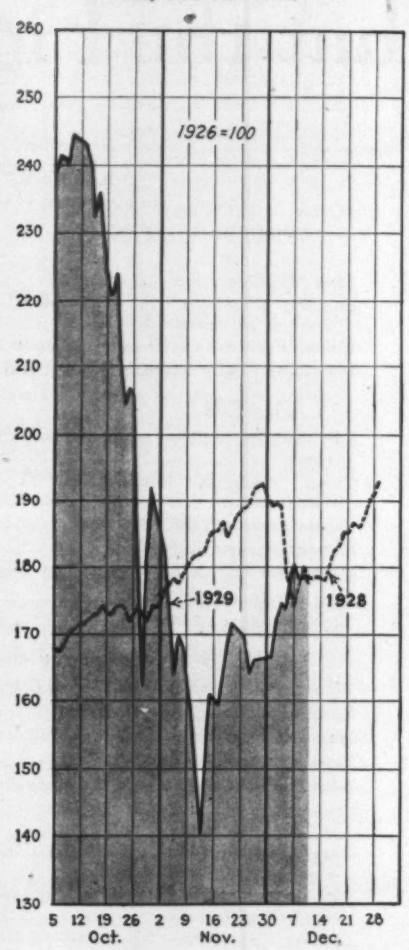
SOME encouragement may be derived from November reports of postal receipts and department store sales. Receipts in fifty industrial cities were 5% above the same month of 1928. Preliminary figures of the Federal Reserve Board show an increase of nearly 1% in department store sales over the same month last year. Increases were reported in only 241 stores and decreases in 281 stores. Eight Federal Reserve districts showed declines ranging from 0.1% in Chicago to 5.2% in Atlanta, while increases occurred in four districts ranging from 2.6% in Dallas to 6.9% in Kansas City. Three of the four districts reporting increases are in the Southwest.

Money and the Market

STOCK prices receded this week as might have been expected following the preceding rather rapid run-up. Marked hesitation appeared in Monday's trading, and the decline became more pronounced as days passed. However, volume of trading showed a strong tendency to dry up on sharp movements in either direction.

THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



Business and industrial news of the week continued to reflect the same recession so the decline in prices brought the market once more in accord with business movements. Additional unsettlement is added as both banks and corporations prepare for "window dressing" for year-end reports; as individuals and companies sell to establish losses for deduction in income tax reports.

The Bank of England surprised the financial world by lowering its discount rate another ½% to 5%, as compared with the 4½% rate in New York. Gold totaling more than £3,000,000, was added to reserves, bringing them to £137,434,000. With a Labor government in power and British industry somewhat depressed, the Bank is likely to lower its rates as rapidly as possible rather than seek to add very largely to its reserves.

Foreign exchange continued high in New York, with some currencies above last week. Gold movements in considerable amounts are now taking place and will probably continue. In the week ending on Wednesday, exports totaled $10,997,000 against imports of $430,000 from Latin America. More than $9,000,000 of the exports went to France, but Sweden, Mexico, Germany, England and Java also received some of the metal. Gold earmarked for foreign account showed an increase of $6,000,000.

Domestic money rates continued at about last week's levels. The period of rapid easing in money seems to be at an end, for a time. Unless the Federal Reserve takes strong action—which is unexpected—rates seem likely to remain at their present levels or even tighten a little in the near future.

More Federal Reserve banks have reduced their discount rate to the 4½% level, but this has slight effect upon open market rates. With five of the Reserve banks—New York, Boston, Chicago, Atlanta and San Francisco—now at the 4½% level, the others are likely to take the same action soon.

The Treasury Department's offer of $300,000,000 certificates at 3⅛% was highly successful, subscriptions totaling more than $700,000,000. Secretary Mellon also offered $100,000,000 of the new Treasury bills on a discount basis.

Brokers' loans reversed an uninterrupted decline of seven weeks by increasing $33,000,000 this week. The total of these loans is now $3,425,000,000. New York and out-of-town banks slightly increased lendings; "others" showed a decrease. With the market stable again, the huge weekly fluctuations in brokers' loans are probably at an end.

The Federal Reserve system again made no change in its position or effect upon money rates. Bills discounted decreased $104,000,000 to $768,000,000 as member banks paid off their indebtedness. But the system balanced this action by purchasing an additional $65,000,000 of bills and $31,000,000 of government securities. The decline in discounts occurred in districts outside of New York; in Manhattan, there was an increase of $25,000,000.

Industry Slackens in November

THE consumption of electrical energy by manufacturing plants is one of the broadest measures of industrial activity available. Activity can be accurately measured in terms of actual production only where the output is a uniform, standardized commodity like tons of pig iron or steel ingots or yards of cloth. The amount of electricity used measures the rate at which the wheels of industry turn. Over long periods there may be some bias downward where more efficient use of power turns out more goods per unit of electricity used, or upward where electrification is increased faster than actual production. But this bias is small and more likely to be upward than downward and to exaggerate increases in activity rather than decreases.

Reports of electric consumption received by the *Electrical World* from some 3,600 manufacturing plants show a somewhat more than normal seasonal curtailment of manufacturing operations in the country as a whole during November. This excess of decline over the seasonal amount is probably due, as indicated in past issues of THE BUSINESS WEEK, to the fact that the usual seasonal adjustments in most industries early in the year were postponed and concentrated upon the last two months of the year. The rate of operation during November, after correction for the number of working days, was 8.7% over October and 7.8% over November last year. The November rate was the lowest recorded since August, 1928. The average monthly activity for the first eleven months of this year, however, was 8.1% above that during the same period last year, and the year as a whole will certainly show a considerably higher average level than in the preceding year.

THE index numbers for the various industrial groups and main geographical sections of the country for October and November this year and November last year, relative to the monthly average for 1923-25 as 100, are shown in the table below, and the chart compares the trend from month to month this year with last. These indexes are not adjusted for seasonal variation.

It will be noted that three of the main manufacturing groups showed a higher rate of activity in November than in October—chemical products, 1.6% higher; leather, 5% and lumber products, 1.8%. On the other hand there was a drop in activity for eight groups between these two months—food products, 2.9%; rolling mills and steel plants, 14.9%; ferrous and non-ferrous metal working plants, 11.2%; paper and pulp, 5.2%; rubber products, 16.3%; stone, clay and glass products, 8.2%; textiles, 11%; and automobiles, including the manufacture of parts and accessories, 27.8%.

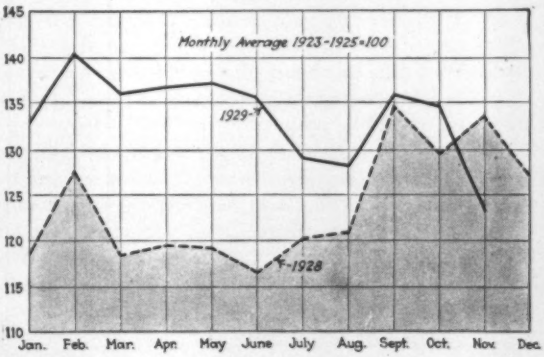
The fairly well sustained activity outside this last group indicates that the industrial recession in November was directly tied up with the pronounced reaction from excessive expansion in the automobile industry during the first half of this year.

This is suggested further by a comparison of current operations with those at this time last year. Two manufacturing groups, leather products and chemicals, were operating at a higher level this November as compared with last, and one group, lumber products, reported activity the same as last year. The eight groups showing decreased activity in any large degree are again those associated directly and indirectly with automobile production, namely, rubber products, textiles, and the metal industries. The greatest drop in comparison with November, 1928 was reported by the automobile industry, with 30.4%, followed by rubber products, 21.4%, rolling mills and steel plants, 17.2%, and textiles, 12.8%. The November rate of activity in the automobile industry was the lowest recorded since January, 1927. It is still, however, some 70% above the low point reached during the slump at the close of 1926 following the last severe reaction from a period of over-expansion.

It is significant that while November activity in rolling mills and steel plants was some 17.2% under November last year it was still about 13.2% above that in the last comparable period of business recession, in November, 1927. Ferrous and non-ferrous metal working plants also were operating this November about 21% above November of the recession year, 1927.

Every section of the country except the Mountain-Pacific states reported a decrease in manufacturing activity in November as compared with October; but all were lower than the last November. The largest decrease for the year was in the North Central states, 11.6%, and the smallest in the Western states, 3.3%. Generally the recession seems to have affected the South and West considerably less than Middle Atlantic and North Central states.

INDUSTRIAL CONSUMPTION OF ELECTRICAL ENERGY IN THE UNITED STATES
(Electrical World)



	Nov., 1929	Oct., 1929	Nov., 1928
All industrial groups	122.9	134.6	133.3
Metal industries group	126.7	145.1	143.5
Rolling mills & steel plants	123.2	144.8	148.8
Metal working plants	128.7	145.0	140.5
Leather products	97.6	93.0	94.0
Textiles	115.5	129.8	132.5
Lumber products	111.8	109.8	111.8
Automobiles & parts	88.4	122.4	127.1
Stone, clay and glass	146.2	159.2	149.1
Paper and pulp	133.7	141.0	135.2
Rubber products	113.1	135.1	143.8
Chemical products	147.3	145.0	135.7
Food products	127.9	131.7	130.0
New England States	118.1	126.2	124.4
Middle Atlantic "	124.3	133.0	134.0
North Central "	122.2	136.9	138.2
South " "	122.8	131.2	127.6
Mountain-Pacific "	136.0	133.8	140.7

The Railroads Show the Way

ONE great American business for six years has steadily increased profits without increasing revenues and in the face of steadily mounting wages and taxes. It sounds like a miracle. And so it is—a miracle of management.

Now American business in general sees on the horizon the dim threat of a revenue shrinkage. At least, a boom period of easy profits is ended.

Business men should be keenly interested just now in learning how to protect or even increase profits under such conditions.

They may well turn to the railroads for lessons in the fine art of keeping their fingers on more of every dollar that comes into the till. How do railroads do it?

Principally by a large and intelligent investment of capital. Efficiency in railroad management and operation consists mainly of increasing the output of transportation service per hour of labor employed and per ton of fuel and materials used. Since 1923 about $4,000,000,000 has been invested in more powerful locomotives, larger and stronger freight cars and innumerable other facilities adapted to enabling the railways to handle traffic better and handle more of it while actually reducing the amount of labor, fuel and materials required.

For each person employed by them, the railways had in 1923 an investment in their properties of $11,700; in 1928, one of $15,200. In 1923 the average freight train consisted of 40 cars, hauled 713 tons of freight and moved almost 11 miles an hour, thus rendering a freight service of 7,770 ton-miles hourly.

In the first nine months of 1929 the average freight train consisted of 49 cars, hauled 808 tons of freight and moved 13 miles an hour, thus rendering a freight service of 10,504 ton-miles hourly, or 35% more than in 1923. In 1923 the amount of freight service rendered per employee was 246,000 ton-miles. In 1929 it will be over 300,000 ton-miles. The cost of fuel is the largest single item of operating expenses, excepting wages. In 1929 the consumption of fuel has been about 25% less in proportion to the service rendered than it was in 1923.

Since 1923 the railways have lost $275,000,000 in annual passenger earnings. Their freight business has increased, but their average freight rate has declined, and their gross earnings in 1929 have been barely as great as in 1923. Their wages have been increased. Their taxes have been increased $90,000,000 a year. Yet, though in 1923 they earned only 4⅓% on their investment, in 1929 they are earning over 5% on a substantially larger investment. Their experience has afforded a striking illustration of how much less costly it usually is for a concern or an industry to pay a return upon capital invested in the most improved facilities, than to waste labor, fuel and materials in wearing out facilities for which—however good their condition—better facilities have been made available for those who can raise the capital to invest in them.

American business already owes a huge debt to the railroads. The

American business may well study an industry which, with no more revenue, constantly rising wages, higher taxes, nevertheless increases its profits

• • • •

lines have made an outstanding contribution to that general increase in national efficiency which has been so remarkable a development of post-war history. They have made it through an unprecedented increase in the efficiency of their own management and operation, speeding up the movement of supplies which regulates the rapidity with which industrial and commercial concerns can turn over their capital.

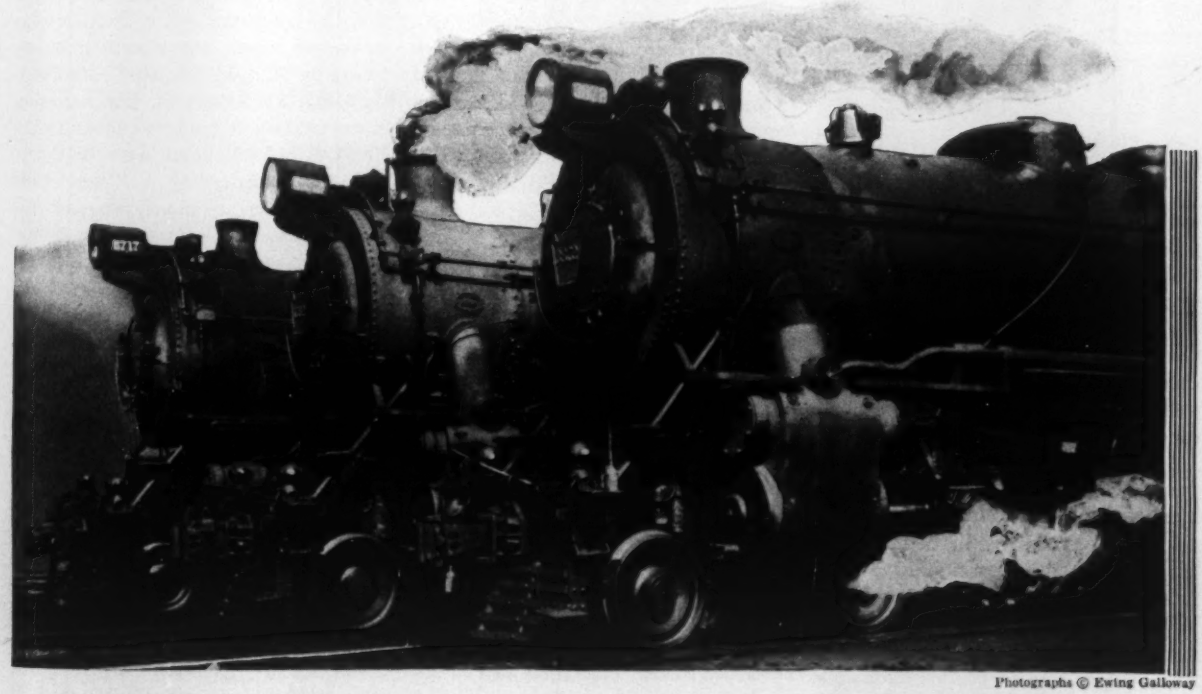
THE new era in railroad transportation dates from 1923. The period of seven years before that was marked by huge increases and declines of traffic, by strikes, car shortages and poor earnings. The achievement of the railways since then has been twofold. They have greatly improved their service, both passenger and freight. They have developed economies in operation which have enabled them, in spite of adverse influences, to increase the return earned upon their investment.

Business men realize much better than the general public—than even railroad officers—the remarkable effect upon general business of the improvement in freight service. The *Railway Age* recently sent a questionnaire upon this subject to the heads of large corporations engaged in every line of business in every part of the country. Their replies are extraordinary evidence of the economic importance of good transportation in an industrial civilization such as ours.

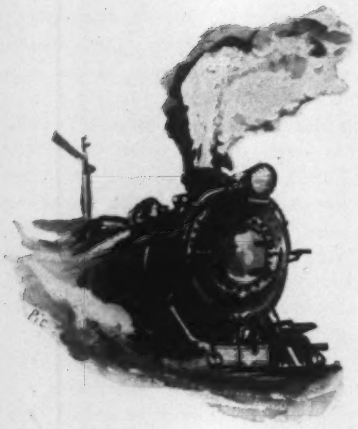
One large manufacturer states that since 1923 he has been able to reduce his inventories 38%, while increasing his sales 250%. One large mercantile company states that it has reduced its stocks 50% in its remote branches, 75% in branches near its main plant, while largely increasing its sales.

Probably the most important economic effect produced by the improvement in railway service has been to enable business concerns to reduce their inventories. The annual cost of carrying inventories of all kinds has been estimated by experts at 25% of the investment in them, this cost including interest, storage, rehandling charges, depreciation of the commodities and many other items.

Reports indicate that reduction of inventories since 1923 amounts to many billions of dollars. For the lumber industry alone, it has been estimated at $600,000,000. Every reduction of $1,000,000,000 in inventories has brought a reduction of probably $250,000,000 annually in the cost of conducting the nation's business. If the reduction has



Photographs © Ewing Galloway



been no more than $5,000,000,000—and undoubtedly it has been much more—the saving in business costs directly due to this cause alone has been equivalent to the total net return earned annually by the entire railroad system of the United States.

The huge reduction of inventories has been equivalent to a correspondingly large increase in the nation's total capital, because capital tied up in inventories is unproductive; the capital released from inventories can be, and has been, used for enlarging plants, improving machinery, employing labor and increasing production and distribution.

The savings due to their ability to reduce inventories are, however, by no means all the benefits attributed by business men to the improvement in railway service. The relative stability of commodity prices since 1923 is attributed largely to good transportation service. Fast, dependable and adequate transportation keeps goods moving rapidly and steadily from producers to consumers, instead of accumulating in enormous quantities, as they did in 1920. In consequence, speculation in commodities, which always causes large fluctuations in prices, is avoided. The inflation of commodity prices in 1919 and 1920, and their subsequent terrific decline, probably were largely due to the preceding prolonged period of car shortages and consequent accumulation of inventories.

If the recent precipitate decline of prices of stocks had been accompanied by a corresponding decline of commodity prices, such as occurred in the latter part of 1920, the results would have been disastrous.

Improvements in railway freight service have been roughly of three kinds. First, the supply of transportation has been made adequate. Secondly, the movement of cars and trains has been speeded up. Third, deliveries of freight have been made dependable.

The Railroads Show the Way

In 1920 the average daily shortage of freight cars reported exceeded 80,000. In 1922, largely owing to the shop employees' strike, it was 48,000. In 1923 it was 29,000. There has been no real shortage of cars since. There are about 2,500,000 freight cars. It might seem impracticable to so distribute them that, in a given week, there would not be a single shipper in the entire country who would fail to get a single car that he wanted for loading. Nevertheless, owing to expansion of railway facilities and improvements in methods of distributing cars since 1923, this feat repeatedly has been accomplished. In 1928 the railways furnished shippers 99.97% of the cars they wanted when they wanted them; there were 20 different weeks in that year in which there was not a single failure to furnish every shipper every car he wanted. In 1929, in spite of a record-breaking volume of freight business, the record made has been almost as good. The improvement in car distribution has been due not only to improvements in railway properties, but also to better cooperation both between the railways and the shippers, and between the railways themselves.

In 1920 the average freight car moved 25 miles a day; in 1923, 27.8 miles; in 1929, 32 miles, a net increase of 15% since 1923 and of 28% since 1920. Freight cars are not moving in trains most of the time; they must be shuttled to and from industries, loaded and unloaded, switched in railway yards, repaired. But freight cars actually in trains moved an average of 247 miles a day in 1920; 261½ miles in 1923, and about 320 miles in 1929.

Formerly, many freight trains were simply loaded to the capacity of the engine, and moved over the road at such speed as the engine could pull them. Within recent years, the carriers have adopted the practice of running a large part of their freight trains on schedules almost as stringent as those of passenger trains. This enables business concerns not only to get goods that they have ordered quicker, but also, because of the greater regularity of operation, to know almost exactly when they will get them—which is highly important.

The time consumed in moving coal from the Illinois coal fields to Chicago has been reduced more than one-half. A manufacturer at such a point as Beloit, Wis., can rely on making deliveries on the Pacific coast in 7 days, as compared with 12 days before the war; at New York in 5 days, instead of 8 or 9 days; at New Orleans in 4 days, instead of 5 days. Business men everywhere report that improved freight service has helped them increase sales by making possible assurance of prompt delivery; reduced demurrage that must be paid on freight cars; reduced time and labor of tracing freight; reduced loss and damage of freight; enabled them to supply their customers fresher goods—and so on.

IT costs money to render good service of any kind. Nevertheless, while thus improving their service, the railways have been reducing their operating expenses—not merely in proportion to the increasing freight business handled, but absolutely.

In 1920, when wages as well as all other costs were at the peak, the operating expenses of the Class I roads were $5,828,000,000. In 1923, after both rates and wages had been reduced, their operating expenses were $4,895,000,000. In 1928, they were $4,428,000,000, or $1,400,000,000 less than in 1920; almost $470,000,000 less than in 1923.

The most significant part of this reduction is that which has been made since 1923; and the economies in operation actually effected have been far larger than the foregoing figures indicate. Exclusive of wages, the reduction in expenses in 1928, as compared with 1923, was about $300,000,000. The reduction in the total wages paid was about $170,000,000. But this figure does not represent the total saving in labor costs because the average hourly wage of railway employees was constantly advancing. In 1923 it was 61 cents; in 1928 it was 65.6 cents.

If the railways had paid for as much labor in 1928 as in 1923 their total wage bill would have increased. But they reduced the number of their employees by 200,000. They reduced by 615,000,000 hours, or 12½%, the number of hours of labor they paid for. At the average hourly wage of 1928 this represented in that year a total saving in labor costs of over $400,000,000. Add this to the $300,000,000 saved in other operating expenses, and we have a total annual saving of $700,000,000 accomplished by economies in operation in five years. For 1929 this figure probably can be raised to $800,000,000 when all the data necessary for making a computation are available.

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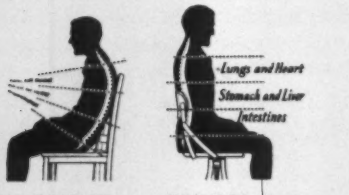

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Look Before You Leap an Ocean

WHEN President Hoover, outlining his plans for minimizing business depression at home, suggested export trade expansion as one of the most efficacious means, Europe sprang to attention—alert, suspicious.

So? America is preparing to dump goods abroad, eh? The sensitive nerves which the Departments of Commerce and of State keep stretched between Washington and every European center began immediately to quiver under the impact of European hostility.

Europe need not be alarmed, says Dr. Julius Klein, Assistant Secretary of Commerce.

Other trading nations may reasonably expect that the United States will seek to expand its export trade in 1930, but their fears that it will be accomplished at their expense is not justified.

"Nothing is more seriously misleading," says Dr. Klein, "than the conception of any market as a series of pigeon holes, each allocated to a given nation, each incapable of expansion without some loss to its neighbors. Markets are people, not places. Nothing was more clearly revealed during the world-wide upheaval after 1914 than the amazing elasticity of human wants, the profound alterations in living standards, the variability of the trade capacity of any nation. These changes offer unlimited possibilities for the expansion of that part of any nation's trade, without in the least impairing or affecting that of its supposed rivals.

"If we examine the growth of American exports during these recent years, it is revealed that they consist very largely of conspicuous American specialties, the demand for which has grown at an unprecedented rate with these alterations and improvements in living standards. Our exports to the Far East, for example, have increased four and one-half times since 1913, but that increase was in almost no particular gained at the expense of Europe. The items that enter therein were such American specialties as automobiles, tobacco, motion picture films, ready-made clothing, road-building machinery. This trade was almost unknown before the war.

"When our British friends express alarm over the fact that we are today supplying 22% of Australia's total imports as against 11% before the war, their fears can be immediately calmed by pointing out that item by item this new trade is made up almost entirely of American specialties and that British trade has scarcely been restrained thereby in any respect.

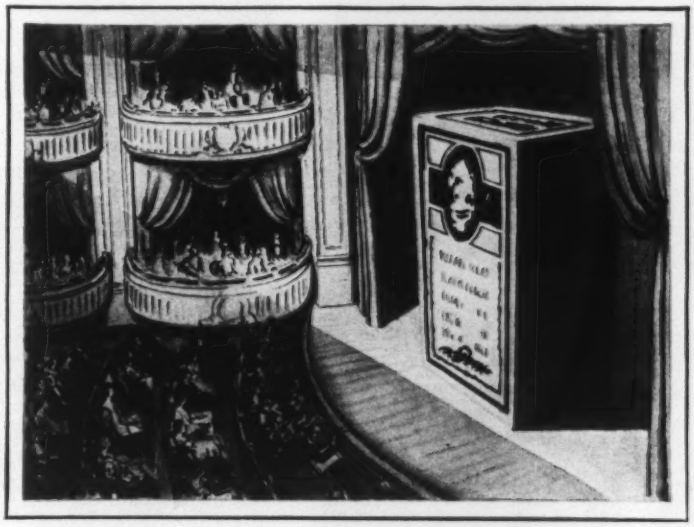
"Beyond a doubt Britain's trade in that market will grow with the expansion of Australasia's rapidly growing buying power and with the increasing ability of British industries to meet its demands American exports can develop side by side with this trade between the mother country and the sturdy new commonwealth of the South Pacific without ill consequences to either.

"To take a Latin American illustration of the same phenomenon, our sales to Venezuela and Colombia have risen from about $10,000,000 before the war to more than $108,000,000 in 1928. Europe's exports have also shown substantial increases in these same markets. Germany's sales to Colombia, for example, are now three times what they were in 1913 and those of England more than double their pre-war value. The cause of our advance has been the impressive growth of the oil industry, the fruit and coffee plantations, and the other undertakings to tap the vast resources of those republics. In the resultant improvement in buying power, the old world has had a liberal share of profit."

Establishment by American manufacturers of branch factories abroad injects another factor into the problem of export trade expansion. It is still a question whether the curtailment of exports from home plants due to this cause will become serious but it is a development that is not regarded with equanimity by American labor and American trading interests in general. Dr. Klein expressed the opinion that they may have some justification for protesting against the extension of this policy, especially if the market of the branch plants is extended beyond the country in which they are located.

A more critical audience

Your package has a more critical audience than ever before



PEOPLE are becoming more and more critical of everything they buy. This more critical attitude concerns every manufacturer of package goods. The package which was good enough several years ago may be losing sales today, simply because it does not quite measure up to modern standards

For example, a few years ago fine chocolates were simply packed in a nicely designed carton. Today that package of chocolates is out-classed, unless it is neatly enclosed in a transparent wrapper—the final touch that says "quality."

You will also find a higher standard of neatness in the way wrappers are placed around packages. The wrapping must be smooth and tight, the printing accurately registered, the end folds neatly sealed. Such popular toilet soaps as Lux, Camay, Guest Ivory, etc., are examples of perfectly wrapped packages that appeal to the fastidious taste of the modern woman.

Educational campaigns of manufacturers have also taught the public the value of wrapping that protects the freshness of a product—witness the advertising of Sunshine Crackers and corn-flake manufacturers, calling attention to the waxed-glassine wrapping of their packages.

We have played a part in this trend toward better packaging by furnishing the machines to do the wrapping—the majority of the package goods manufacturers use our machines. Naturally we have learned a great deal, and we place this experience at your disposal.

How we can help you

Are you seeking a better looking package? . . . Greater protection for your product? . . . A way to wrap a new product? . . . Machine production for work now being done unsatisfactorily by hand? . . . Lower packaging costs? No matter what your wrapping problem may be, bring it to us—solving problems built our business.

PACKAGE MACHINERY COMPANY
Springfield, Massachusetts

New York: 30 Church Street Chicago: 111 W. Washington Street
London: Baker Perkins, Ltd., Willesden Junction, N. W. 10

PACKAGE MACHINERY COMPANY

Over 150 Million Packages per day are wrapped on our Machines

The Non-Ferrous Metals in 1930

1930 will run about the same as 1929, both in volume and in price • 1929 has been a great year • Over-production in some lines is inevitable • Plants need no modernization program • Labor situation is satisfactory • Aggressive advertising has been, and will continue to be, a powerful force in expanding markets • Greatest opportunity for these industries lies in intensification of production and sales methods successful in past • Export trade promises growth.

CONDITIONS throughout the major non-ferrous metal industries (copper, silver, lead, zinc, gold, tin) are generally satisfactory. There are no indications of a change in 1930. None of these industries was noticeably affected by the Wall Street panic, and no adverse effect of significance is expected.

If a general depression develops, operations and output may be curtailed to some extent, but *Engineering and Mining Journal*, after a thorough and careful survey of the field, predicts a volume of production about equal to that of 1929, with probably the same general average price. And in many metals, world production in 1929 has been higher than ever before. Copper has increased some 300,000 tons to a new world total of 2,100,000 tons; lead has jumped about 150,000 tons to a new total of 2,000,000 tons; zinc has increased 50,000 tons to 1,600,000 tons. Copper is now selling at 18 cents a pound, lead at 6.25 cents, zinc at slightly under 6 cents.

The situation may be summed up thus:

1. Over-production of some of the metals is inevitable, because they are by-products in the recovery of other metals. This is particularly true of zinc. Unless a greatly increased demand arises within the next few years, a period of readjustment of the chief zinc producing centers may be expected. Australia and Canada will assume greater importance; the Mississippi Valley mines of the United States will lose their former position of pre-eminence.

2. As a general rule, efficient production methods and up-to-date equipment are used throughout the non-ferrous metal industries. Therefore, no modernization program is called for.

3. Foreign competition is of negligible importance; is not likely to increase.

4. Distribution depends largely upon the location of the ore deposit. Additional refining facilities have been provided during 1929 and will be in full operation in 1930. They will help to solve distribution problems. Wide-spread adoption of electric power has made possible the construction of refining plants at the source of supply rather than at the market, as was formerly necessary.

5. Aggressive advertising has been, and will continue to be, a powerful aid in finding new markets.

6. The non-ferrous metal industries are faced with no labor problems, either present or prospective.

7. Competition is internal to a great extent. But continued vigilance is necessary to maintain the position of the non-ferrous metals as one of quality supremacy for constructional and industrial purposes.

8. The various copper, lead, and zinc associations, the statistical agencies, and the technical press are working jointly and separately to make available all facts and figures which might favorably affect the economic status and lead to orderly progress.

The non-ferrous metals industries have developed natural resources to the fullest extent compatible with demand. Advanced technical practice has aided in the transformation of what was formerly regarded as waste into profitable ore.

Prices which now prevail may be considered as low if these facts are considered: that heavy expenditures are needed to make underground labor as healthful as work on the surface, that a mine is a wasting asset, and that the products are durable.

The greatest opportunity confronting the industries lies in an intensification of those methods that have in the past resulted in lower production costs and an increase in consumption. The export trade may be expected to grow gradually with the development of stability and prosperity in other parts of the world.

212 MANUFACTURING OPPORTUNITIES *in* KANSAS CITY

... *a* FACT BOOK *written for Business Executives*

INTENDED *not* for general distribution but for executives in businesses, large and small, who are scanning the industrial horizon for lucrative markets that will yield readily . . . profitably . . . to more intensive marketing, this book was written.

It does not deal in generalities, nor in biased opinions. It invites no industry that cannot find an existing, *profitable* market.

It does deal in facts, generously, leaving individual conclusions of this market's merit to be judged by the reader. And, for the executive who looks even further than the market . . . into the living conditions that will surround and affect the output of his workers . . . it gives a pictorial glimpse of the nearby play-places for working man and executive when business is laid aside.

A fact-book you may have . . . a copy not only for yourself but for any other executive in your company concerned with growth, distribution or transportation economies.

INDUSTRIAL COMMITTEE OF THE CHAMBER OF COMMERCE

KANSAS CITY

MISSOURI

NEAREST BY AIR TO EVERYWHERE

Economical transportation is important. You can reach 15 million people at lower freight cost from Kansas City than from any other metropolis.

I am interested in this industry:

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and I attach the coupon to my letterhead as assurance of my interest, without obligation, of course.

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Address _____

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21229

Come away from the cares of a workaday world

to

An old fashioned Southern Christmas at Grove Park Inn

Forget margin calls for the call of emerald green fairways at your very doorstep. Forget blue days in the market for bright days beneath blue, mountain skies. Motor if you choose over modern paved highways through a country of matchless beauty. Where native mountain folk will make you realize that Christmas is really Christmas after all. In the evenings gather with congenial companions before the crackling hickory log fireplaces in the "Big Room" to discuss the day's adventures. A radiantly cheerful Christmas holiday awaits you. And it is astonishingly nearby—just overnight if you live in the East, South or Middle West.

T. B. HORNER, *Resident Manager.*

GROVE PARK INN

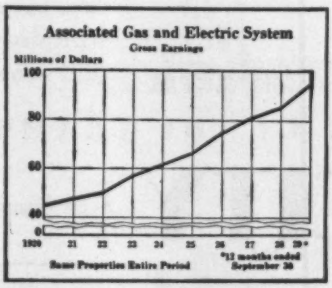
Finest Resort Hotel in the World

SUNSET MOUNTAIN ASHEVILLE, N. C.

There Has *Never* Been a *Decline* In the Gross Earnings of the Electric Light and Power Industry

All available records since the beginning of the industry show an uninterrupted year-to-year increase in gross earnings.

Even during the severe depression of 1921 when the volume of manufactures in the United States declined 32% below 1920, the gross earnings of the electric industry increased 7% over 1920.



The gross earnings of the Associated Gas and Electric System have increased each year and have more than doubled since 1920. The growth period of any business offers investment opportunities never again equalled.

Associated Gas & Electric Company

Incorporated in 1906

61 Broadway New York City

For details about an Associated System investment write for circular "BW"

Milwaukee Menus À la Rector

GEORGE RECTOR, the man who introduced dancing to dining, is now introducing dining, as a fine art, to the chefs and stewards of the 78 rolling restaurants of the Milwaukee road. He may be found today, a long way from Broadway, aboard a special school-car in the Western Avenue yards of Chicago, where his pupils gather between runs for instruction in the niceties of perfect service.

Here, René Chauveau of Paris, instructing chef of the road, prepares dishes scheduled for the menus of the next few days. Then the old master takes them up, one by one, pointing out the fine points of each.

A representative of THE BUSINESS WEEK listened in at a morning's session recently. This is typical of what he heard:

"Notice the butter over this Lake Superior whitefish. It is freshly melted. If you melt it too long in advance, it is sure to look greasy. Watch out for that. And sprinkle the parsley on after the butter. Never pour melted butter over parsley.

"Lamb dries out rapidly. Don't roast it too long in advance.

"Slice Lyonnaise potatoes about the size of a 50-cent piece. Bring them to a light brown. Brown thinly sliced onions in a separate pan. Mix together carefully. Don't break the potatoes. If you do, you will have hashed brown potatoes, not Lyonnaise at all."

"I've been working with you out here about fifteen months," he says. "Have any of you ever heard me give a recipe yet? [Silence] I'm talking to chefs. You are past the point of listening to recipes. What I try to give you is just reminders—the tips that make those who dine with us want to come back again."

Rector is neither English nor French, as many suppose. His is an old American family. His grandfather founded Frontier House, Lewiston, New York, in 1845. His father was a dining car steward on the Pennsylvania when he was born. As a youth he attended Shattuck's School, Faribault, Minn. There he met young Henry Scandrett. Scandrett became a lawyer, Rector made a name for himself as a restaurateur. Now both are railroad men, Scandrett as president; Rector under him, as "director of cuisine"; each playing his part in the systematically managed come-back of the old "St. Paul."

SWIFT SURVEY OF BUSINESS ABROAD

EUROPE

By Special Cable to The Business Week

BUMPER crops have improved national economic conditions but low world prices are crippling farm buying. This apparently is the basic cause for the current shift from the general upward movement noted earlier in the year to present distinctly spotty conditions. Notwithstanding general relaxation in money markets, rates in England are steady, even improved; in France, Belgium, and Holland they are active, and in fair volume; in Germany, sharply depressed with opinions as to future trend sharply varying; in Scandinavia, quiet; in Czechoslovakia and Jugoslavia, relatively strong; in Poland, Austria, Hungary, and Rumania, depressed; Italy, quiet; Spain, limping; in Portugal they are reflecting the stronger government financial position.

By Special Cable to The Business Week

Great Britain—Labor is apparently disposed to admit the collaboration of certain Liberals representing the best national economic thought, thus raising the possibility of a national *versus* partisan economic administration. Business is relatively steady; the coal industry is in a distinctly better position; mergers of railways and autobus lines continue.

By Special Cable to The Business Week

France—Organized stock market support artificially checks steep decline of business otherwise steady. Although working to capacity, coal, machinery and electrical equipment industries have failed to keep pace with demand stimulated by labor shortage. Imports, particularly of industrial equipment, are increasing and several leading industrial units are increasing their capital to provide for plant expansion.

By Special Cable to The Business Week

Germany—Dr. Schacht's challenging declaration that the government's inactivity and ineffective financial administration, in the face of rising federal, state, and municipal deficits, is undermining Germany's capacity to accept the Young Plan and is dissipating previous advantages, has shocked, but seemingly stiffened, business sentiment. Some business men expect it to spur previous demands that organized business attempt to discipline public expenditure and rationalize taxes, though temporarily this would restrict the financial operations of business. Others think it may delay acceptance of the Young Plan. Opening of Silesian nitrogen plants with initial production at the rate of 15,000 tons a year —equal to ¾ of present production of the Ruhr chemical industries—is set for January 15.

By Special Cable to The Business Week

Austria—Without disturbances, parliament ratifies constitutional changes extending powers of the non-socialistic majority in the federal government, but reducing the powers of the provinces which are primarily socialistic. Vienna is expected to benefit. Business now is acutely depressed. Amalgamation of the country's leading autoworks, Steyr-Daimler, is reported. General Electric is reported to be participating in the million-dollar development of the Koeflach beryllium deposits following the abandonment of their Dakota interests.

By Special Cable to The Business Week

Czechoslovakia—Social-Radical Cabinet is formed and Finance Minister Englis is restored. Business is slackening but is still at the highest rate of any country in Central Europe.

U. S. Dept. of Commerce

Spain—Some confidence is injected into financial situation by government's plan for stabilizing exchange. Six per cent 10-year gold bonds will be issued to a maximum of 350,000,000 pesetas. Of these, 150,000,000 in bonds will be allotted to registered banks for distribution with 1% commission in silver, 100,000,000 will be reserved for public subscription, and remaining 100,000,000 will be subscribed to by Bank of Spain without commission as provisional portfolio investment for regulating exchange. Loan is designed to relieve peseta of any pressure attending early maturing of gold credits, to repatriate Spanish capital held abroad, to attract foreign capital and to offset unfavorable trade balance.

The cartoonist for Moscow's Trade and Industrial Gazette *saw a bit of humor in* THE BUSINESS WEEK'S (*October* 5) *"with samovar and slide-rule, Russian mathematical mujiks have drawn an amazing map of the economic miracles that are to be performed in the Soviet Republic." He pictures M. Krchichanozsky, chairman of the Supreme Economic Council, and another dignitary (unidentified) at work under the benign portrait of Karl Marx. It is captioned "an American conception of planning work in the Soviet Union." The scroll is labeled "five year plan."*

FAR EAST

U. S. Dept. of Commerce

China—Renewed chaos in the North, rapidly spreading revolt in the South, and delayed settlement of the Sino-Soviet controversy in Manchuria have brought trade to a standstill except in unaffected regions. Shanghai silk filatures are suspending operations because of high price of poor cocoon crop, heavy taxes, and slack demand from the United States.

U. S. Dept. of Commerce

Japan—Paper and rayon industries have curtailed production, and restriction in other industries is expected in view of general depression. Bankers, however, are confident that year-end settlements will be met.

U. S. Dept. of Commerce

India—Major commodity markets remain depressed and business generally is stagnant. One large jute mill has closed because of labor trouble and a prominent motor firm in Calcutta is reported on verge of liquidation.

SOUTH AMERICA

U. S. Dept. of Commerce

Argentina—To improve flexibility of national currency and credit, Banco de La Nacion has been authorized by presidential decree to effect discount operations with the Caja de Conversion up to a maximum of 200,000,000 paper pesos. Federal government has announced 70,000,000 peso bond issue as part of 458,000,000 peso internal loan.

U. S. Dept. of Commerce

Brazil—Financial circles have been thrown into another panicky condition by a second fall in the milreis and break in coffee prices; the national milreis stabilization scheme is likely to be abandoned. An appeal is made by Brazil's largest private operator of steamship lines, banks, coal, and steel industries, to United States airplane manufacturers to locate a factory in Brazil and develop a 10,000-mile network of air routes.

A Vacant Chair can be Replaced

KEEP VITAL RECORDS IN A REAL SAFE

THE day of the "one man" business has passed. In every organization, a well-trained junior executive is ready to step into the place of the man above. A death or a resignation—a vacant executive chair—can be replaced with scarcely a hitch in the operation of the business.

But not so when vital business records are destroyed. The labors and savings of years can be wiped out by fire, beyond hope of redemption. No replacements are available—a thriving business becomes but an empty shell. For unless your Insurance Policies, Inventories, Accounts Receivable, etc. are properly protected, you are liable to serious loss if a fire occurs.

Let us measure your degree of fire risk and recommend the proper safe.

Diebold Fire-Resistive safes furnish the correct degree of protection for every business office. They are made in a variety of styles and sizes bearing the label of the Underwriters' Laboratories.

Insure the future of your business by protecting your records in a Diebold Safe.

DIEBOLD SAFE & LOCK COMPANY
CANTON, OHIO
Represented in Leading Cities in U. S. A. and Canada

DIEBOLD SAFE
ASK YOUR BANKER

Efficiency Works If Workers Share

GREATER profits through company-employee cooperation in management are being obtained by concerns in varied lines.

Manufacturers have been studying, in particular, the results obtained by the Naumkeag Steam Cotton Company, Salem, Mass. By company cooperation with the Salem Local, United Textile Workers of America, men and management have joined in research looking toward elimination of waste, development of new machines and processes, improvement of quality and operating methods. By the cooperative plan workers are assured high wages, continued employment, favorable working conditions.

Result has been profitable operations, an efficient and contented working force. With outstanding capital of $6,000,000, on June 1, 1929, company's profit and loss surplus was about $4,500,000, exclusive of a $2,500,000 depreciation reserve. Most modern methods and equipment have been introduced in the manufacture of "Pequot" cotton goods. Even the much maligned "stretch-out system"—practice of increasing number of machines per worker—has been adopted where specialization has made it desirable—and without fuss.

Following a strike for union recognition in 1919 an industrial engineer—called a "technician"—selected by the union and employed by the company, headed a research committee comprised of representatives of both. This committee ascertains facts, devises methods.

Possibly the best evidence of the successful operation of this plan is the favor with which it is regarded by all parties interested. At the recent meeting of the Taylor Society the agent of the company, the business agent of the union and the technician all spoke of the plan with uniformly favorable comment.

Mining ▶

Whites Manning African Shafts

SHORTAGE of native laborers in the gold mines of the Witwatersrand district of South Africa and the copper mines of Northern Rhodesia may result in a reduction of England's unemployed. Mining companies assert that if the white men now in Northern Rhodesia prove satisfactory, recruiting for 10,000 miners will be initiated in England.

We Are All Bears In These Markets

WHEN THE BOTTOM DROPS OUT OF RUBBER, TIN, COFFEE, COCOA, JUTE AND SILK, PRODUCERS LOSE, BUYERS GAIN

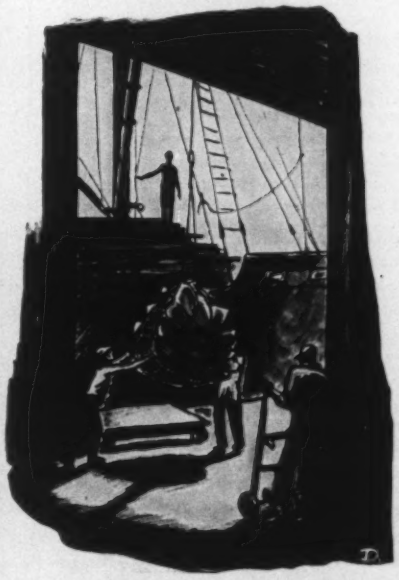
IT is a superficial view which would have it that any decline in prices of raw materials is bad news indicative of a broadening bearish trend. Particularly is this kind of reasoning specious when applied to some of the marked declines registered these last post-panic days on the New York commodity exchanges.

In rubber, coffee, cocoa, tin, jute, burlap, silk, we are tremendous consumers, producers not at all. When such commodities decline in price our national economic health stands to gain through lower cost of living; our specialized industries, moreover, stand to keep on going at present profit levels. Only in the case of such general destruction of prosperity all over the world as would curtail buying capacity for such of our exported manufactures as are made out of imported raw materials would cheaper foreign raw materials indicate bad American business. Such is not the case today. The world is not sick, although the United States is convalescent from the financial flu.

Let's interpret some of these commodity declines:

RUBBER

ON October 19 New York Rubber Exchange quotations were around 20 cents per pound. Today they are around 16 cents. Technicians of this complex and delicate politico-economic market ascribe the fall partly to conditions within the rubber world and partly to New York's stock market spill. About half and half division of responsibility is the consensus. Although the efforts of Dutch and British producers to get together in a few powerful selling groups—say ten sellers of rubber where there were a hundred—did not succeed and do not now look success-worthy, sentiment nevertheless got stirred up and the market became more active and more nervous. As so often happens, discussion about a remedy made the worried patient worse. What was the cause for anxiety? Obvious it became that Eastern plantation managers were anxious about greatly increased Malayan output. Some rubber orchards could show a profit at 12 cents, others at 14, but some were stuck in the red ink at 16. Meetings were rallied to peg the price at or above 20. Panic fear plus alarm over precautions broke it to 16. The outlook is for little change for some months. Tire inventories are heavy, 13,000,000 odd in the U. S., by the latest figures (September), but they are declining fast, from 1,500,000 to 1,900,000 tires per month. September's production of tires showed a cut of a million units. So far there have been no price whittlings. A Ford tire at six dollars is considered reasonable. But with lower crude rubber this tire could be sold cheaper to the Ford farmer with the same return of profit to the tire maker.



COFFEE

LIKE rubber, coffee hid within its own market body the seeds of its oncoming illness; it was the same illness, over-production, but aggravated, as rubber had been in previous years, by a valorization scheme. Wall Street's panic served to set loose the germ and an active fever of declining prices developed. In Brazilian warehouses there are piled high square miles of bags containing more than one entire year's crop of coffee. Money was needed to carry this useless load. Our panic made it mighty hard for Brazil to find $50,000,000; after precarious and lengthy wangling at London and in Wall Street she finally managed to lay hands on a measly 2,000,000 pounds sterling, although a dozen powerful houses of world standing had to be persuaded to come in on it, a credit spectacle which did Brazil and the coffee market no good at all. Therefore it was not surprising when coffee fell headlong as much as seven cents a pound. This time even the consumer profited. Housewives the nation through read advertisements by Atlantic and Pacific Tea, cutting all coffees four cents a pound.

TIN

THE precious British tin which keeps the American husband from starvation (quote the Rt. Hon. Lord Askwith, Straits Settlements tin czar, who believes that American housewives have forgotten how to cook, serve their meals from cans) has gone down 10 cents a pound to less than 40 cents since the year began. It

28 Days Early

IN 1926 the demand for electric power in Florida increased at an abnormal rate. A local utility company required a completely equipped power plant ready for operation in 250 days. Barstow engineers were given the job.

In just eleven days a freight dock was built complete—610 feet out into the river. Houses were built for 400 workmen. Steam shovels tore away the sand down to a stratum of oyster shell and coral. The plant was finished, equipped and in use 222 days later —28 days early.

Our twenty-page illustrated book showing some of our work will be sent on request.

W. S. BARSTOW & COMPANY, INC.
Engineering—Design—Construction
50 Pine St., New York 412 Washington St., Reading, Pa.

If your Address Has Changed

If you are now a subscriber to THE BUSINESS WEEK and your address has been changed, please give the information below so that we may correct our records.

THIS WILL INSURE PROMPT SERVICE.

Name_____

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Mail to THE BUSINESS WEEK
475 TENTH AVENUE, NEW YORK

would appear that it is going to go down some more. Reasons for the noble Lord's discomfiture:—1. Rampant overproduction. 2. Enormous stocks. 3. No research for new uses. 4. No coordination at all throughout the industry. 5. Improved German (not British) technique for recovery of tin from scrap left over in the process of manufacture. There is plenty of cheap tin for all the American husbands.

JUTE AND BURLAP

CALCUTTA cables bewail declines of a full rupee in jute. Three record jute crops in a row demoralized the business. Lengthened working hours in Indian mills overproduced burlap. Shorter crops over the world in the sort of things which go into bags calmed demand. Prices are lower than in nine years. For fourteen uninterrupted months they have sagged, sagged. The panic translated the sag into a slide. Cheaper Indian bags will hold cheaper Brazilian coffee just as well.

SILK

"THE stock market's crash injected itself into the situation and silk prices receded further," writes authoritative National Raw Silk Exchange member, Frank W. Lovatt. Japan's crop will be 33,700 bales greater. Can ladies now afford silk dresses? Business and industrial depression rumbles like another earthquake throughout Nippon.

COCOA

THE panic sent Europe cocoa bearish instanter, inspired a buyers' strike in the U. S. Europe sold heavily here, cocoa went lower than in years. Crops have been too bountiful, stocks are greater than ever before; Africa, the Dutch East Indies and Brazil stand to suffer for cheaper American breakfasts and candy.

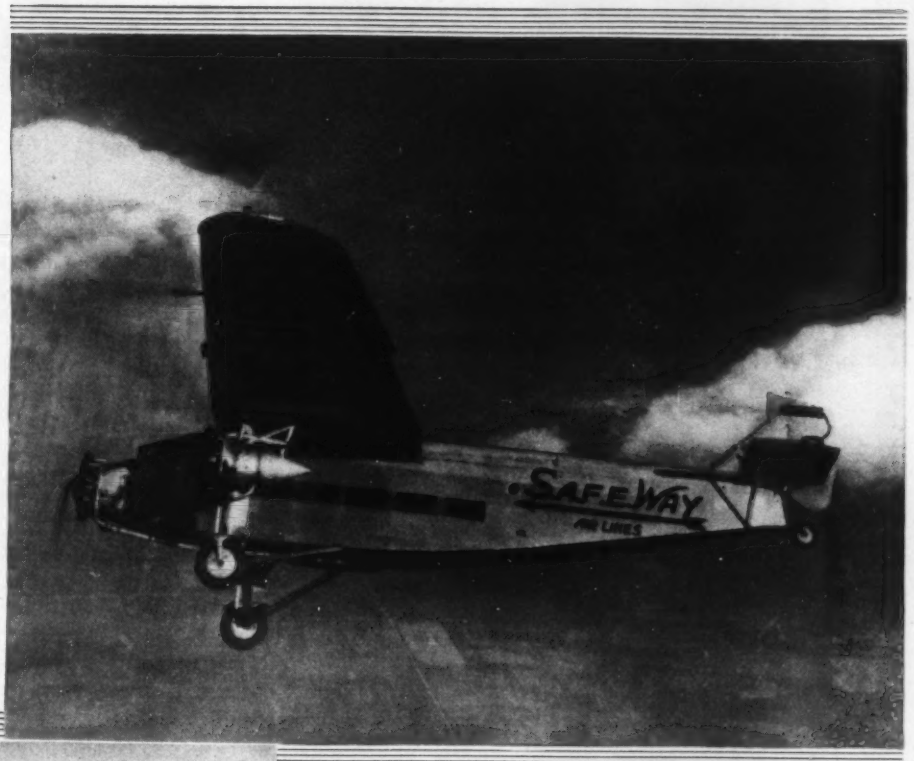
TEA

TEA is weak. Modern agriculture has found out how to grow the "common" teas by ship-fuls!

Labor ► **Union Pensions Its Own**

At its convention in Cleveland last week the International Ladies Garment Workers decided to install a pension system for union members grown old in union service and no longer able to work. This is the first action of its kind taken by any large labor organization and probably will be used to influence still further extension of pension systems by employers.

S·A·F·E



Passenger transports should take no chances! . . . The S-A-F-E uses three-motored Fords to insure a wide margin of safety

Features of Ford Plane

All-metal (corrugated aluminum alloys)—for strength, uniformity of material, durability, economy of maintenance, and structural safety.

Tri-motored (Wright or Pratt & Whitney air-cooled engines, totaling from 900 to 1275 horsepower) — reserve power for safety.

Speed range—55 to 135 m. p. h. Cruising radius, 580-650 miles.

Disposable load—3670 to 5600 pounds.

High wing monoplane (single, stream-lined, cantilever wing)—for strength, speed, inherent stability, visibility, clean design. . . .

17 *capacity* (including pilot's dual-control cabin) — Buffet, toilet, running water, electric lights, etc.

Durability — Uniform all-metal construction is insurance against deterioration.

Price, $42,000 to $55,000 (standard equipped at Dearborn)—Exceptionally low because of multiple-unit on-line production methods.

With great distances to be traversed . . . scattered points of rich productiveness to be visited . . . the Southwest is ideal for air transportation

SOUTHWEST of St. Louis and Kansas City is a great region that probably expresses American modernism more accurately than any other. It is rich. It is decidedly virile. It is one of the most alert regions in the world. It is logical, therefore, that this region should be the scene of one of the most pronounced and successful developments of commercial transport aviation. . . .

Colonel Halliburton, who established the Southwest Air Fast Express, has already in operation a fleet of nine tri-motored, 14-passenger, all-metal Ford planes. The S-A-F-E is right up to the minute in every phase of modern transport. Company limousines and five special aerocars transport passengers direct to and from downtown districts and the transport planes. Scheduled connections are made with all important trains.

St. Louis . . . Springfield . . . Tulsa . . . Kansas City . . . Coffeyville . . . Oklahoma City . . . Fort Worth . . . Dallas . . . Wichita Falls . . . Sweetwater! All these are connected by schedules designed to work in conjunction with the railroads . . . *so that far distant sections of the country are brought within twenty-four hours' plane-train ride of each other.*

The safety factor, as much as anything else, determined Col. Halliburton in the choice of Ford tri-motored transports . . . since three engines provide the necessary margin of safety in carrying passengers. *From the inauguration of service on April 2nd, over 2500 miles have been flown daily.*

FORD MOTOR COMPANY

Visitors are always welcome at the Ford Airport

The Eaton of "the Eaton Group"

THE day after the 16,000,000 shares changed hands on the New York exchange Cyrus Stephen Eaton announced in Cleveland that "those financial and industrial corporations with which we enjoy close relations" had been advised the time was ripe for employing part of their huge reserves in the market.

In succeeding weeks the Eaton group was understood to have been strengthening its interest in steel companies it desired to bring into ultimate union. The collapse of the market did two things to merger preliminaries: it made stocks cheaper; it slewed them around and changed their ratios. Control of companies could be had more easily but their early consolidation would be harder, and it would be harder to sell new securities.

Rationalization of the Middle Western independent steel companies became Eaton's responsibility beginning in 1925. For four years of rising stock prices he and his associates have been putting steel companies together two by two. But as they united each pair they acquired control of others, until it appeared that a symmetrical final company would approach the size of United States Steel.

Eaton's plans are almost always well-hidden. Some of his associates have repeatedly said they were in the dark on his next moves. Eaton has always been a man of few intimates. His father, J. H. Eaton of Toronto, once said that, as a boy, he was unusually reserved; that the only early evidence of financial capability was his complete trustworthiness around the little Nova Scotian store where he clerked. Some men, like Ford, conceal their plans in coils of rumor: Eaton conceals his by telling no one.

In his Cleveland office, with Otis & Co., Eaton is soft-spoken, quiet, hard to see. He puts in many hours at his desk and expects others to do the same. For recreation he gives a scholarship here or attends a trustees' meeting there, specializing in Baptist institutions—Denison in Ohio, McMaster in Toronto, Acadia in Nova Scotia. Recently he went on the board of the University of Chicago. An anonymous gift of $250,000 to McMaster, his alma mater, turned out to be Eaton's. To the little old home town of Pugwash, Cumberland County, N. S., Eaton sent enough to rebuild after a fire, to lay out golf links, a park and a straighter main street, to build a hotel. After spending lonely vacations there, he decided to bring in more tourists.

He has been going rather more easily of late. He rides horseback, walks about "Acadia Farm," on the slopes of the Cuyahoga valley between Cleveland and Akron, dabbles in landscaping. There are also his eight children to occupy him. All those old enough, ride with him. Cyrus S. Eaton, Jr., was the youngest rider at the recent triple meet of the Summit Hunt Club near the Eaton place.

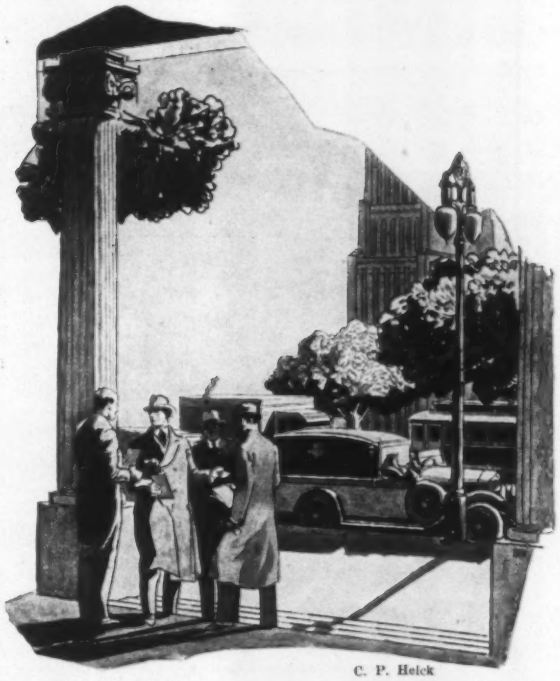
Eaton went into the steel business by way of public utilities. He was born in 1883 in Nova Scotia of a family which had migrated from the American colonies, was educated at McMaster. When he came to Cleveland a relative of his, Charles Aubrey Eaton, was preaching in the First Baptist church, the old Rockefeller church.

Young Eaton's career was launched in the panic year of 1907, when he met George T. Bishop, Cleveland operator of electric railways. Eaton had brought with him to Cleveland the control of a little gas property at Brandon, Man., so Bishop sent him out to the Canadian West to pick up other utilities. But a wave of public ownership was sweeping the dominion and Eaton returned empty-handed. Then he went to Iowa and secured options on rural electric properties in and around Red Oak. The New York house which undertook to float the bonds fell down on the job and Bishop advised him to take the proposition around to Otis & Co. of Cleveland. The bonds were sold, and the contact Eaton thus made with Otis grew into a partnership by 1915. Utility interests were multiplied in the year that followed. In 1927 the Mellons of Pittsburgh joined Eaton in the United Light & Power and certain Mellon, or, more specifically, Koppers, connections in manufactured gas were put into the company.

Eaton's first important participation in the steel industry was his successful refinancing of the Trumbull Steel Co. of Warren, O. It had run into difficulties, but when he told a stockholders committee that he could pull the company out of trouble he met some skepticism.

"Gentlemen," he said, "if you have any doubt of my ability to underwrite the financing, have Mr. Adams here call the Cleveland Trust Co. and ask whether my check for $20,000,000 will be honored."

Banker's Acceptance Gets World Acceptance



C. P. Helck

FIFTEEN years ago a small financial group celebrated the successful conclusion of a valiant fight. Another long fight lay ahead but the fighters were confident. Today, their visions are realized. They have established the value of the banker's acceptance to American business in the United States and throughout the world. The new form of commercial credit which they sponsored has done much to make the dollar international currency and to develop New York as the financial center of the world.

The banker's acceptance, or banker's bill, substitutes bank credit for merchant credit, makes the security more negotiable and gives it a wider market by adding a bank endorsement. It serves essentially the same purpose as commercial paper and is tending to replace commercial paper as a short-term commercial obligation.

The acceptance is created in this way: The seller of a commodity draws a draft upon the buyer's bank, sending with it documentary title to the goods in the form of shipping or warehouse receipts. The buyer arranges to have his bank "accept" or endorse this draft, fixing the terms of payment. The endorsed draft, now negotiable, is forwarded to the seller's bank, and may be sold in the market or held to maturity. The seller gets paid for his goods without waiting the usual 30 to 90 days or longer. The accepting bank holds the documents establishing title to the goods or turns them over to the buyer for other adequate security.

That, briefly, is the story of the acceptance. It is a security based on goods. When the transaction is completed the bill is liquidated automatically. It is thus always for a short term, a few months.

Look at a few applications: The American cotton producer sells his cotton to a manufacturer in Manchester. An acceptance is created and the storage and shipping of the product are financed by the acceptance; the seller is not forced to wait a long period for his funds. The wheat-grower in the Northwest, the manufacturer in the East may do the same thing. The process may be reversed for the American buyer of foreign commodities. Acceptances are usually based on one of three transactions, (1) domestic shipment of goods, (2) foreign trade and (3) warehouse-secured credits.

BEFORE the passage of the Federal Reserve Act in 1914, national banks in this country could not accept; there was no general market for acceptances, and the business could not be developed. But the Reserve Act won the fight for acceptance privileges. Since the bills are based upon commercial transactions, they can be discounted at the Federal Reserve. The Reserve system has been a powerful factor in stimulating the bill market. It holds a considerable amount of these securities in its portfolio. It uses them in increasing proportions to finance autumn trade. The system begins to increase its holdings of bills in late summer in order to release money for autumn financing.

Thus far, the acceptance business is largely centralized in a few centers and carried on by the larger banks. Banks can accept up to 100% of their unimpaired capital stock and surplus. The larger the bank, therefore, the larger its potential ability to accept. Among the first forty banks in point of total acceptances outstanding, 27 are in New York, 5 in Boston, 3 in Chicago, 2 in San Francisco, 1 each in New Orleans, Cleveland and Philadelphia. But the accepting done is for business all over the nation.

An open market for acceptances centers in New York. Transactions are carried on through dealers, who buy and sell the bills at published rates. Acceptances are bought and sold on a yield basis. Thus rates may be quoted at 4 @ 4⅛%, showing the spread between bid and asked prices, or yields.

THE total volume of the bills outstanding at the end of October, latest date for which figures are available, was

Our newest form of commercial credit hits a high record • But demand here and abroad still exceeds supply

A Christmas Suggestion

A number of our readers have asked us whether we would have a special rate for Christmas Gift subscriptions to THE BUSINESS WEEK.

They also inquired whether we could send Christmas Cards to the recipients notifying them of the gift.

To comply with these requests we have arranged the following

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$1,540,738,000, the highest total on record. As the volume continues to increase with the increase in trade toward the end of the year, a much higher total will be recorded by the end of December. With this development of bills, commercial paper in the open market has decreased until it is now only about $200,000,000. So Federal Reserve open market operations, originally intended to be carried on with commercial paper, are now largely done with bankers' acceptances and government securities.

Financing of exports from this country results in the largest single class of bills, totaling on October 31 $479,567,000. Storage and shipment of goods in foreign countries, next in importance, accounts for $394,863,000. This total is indicative of the position of the United States as a financial center; the transactions covered are carried on in foreign countries, but financed here. Financing of import trade calls for $350,758,409. Domestic warehouse credits amount to $219,702,000. The other two classes—bills based on domestic shipments, bills used to create dollar exchange—are much smaller.

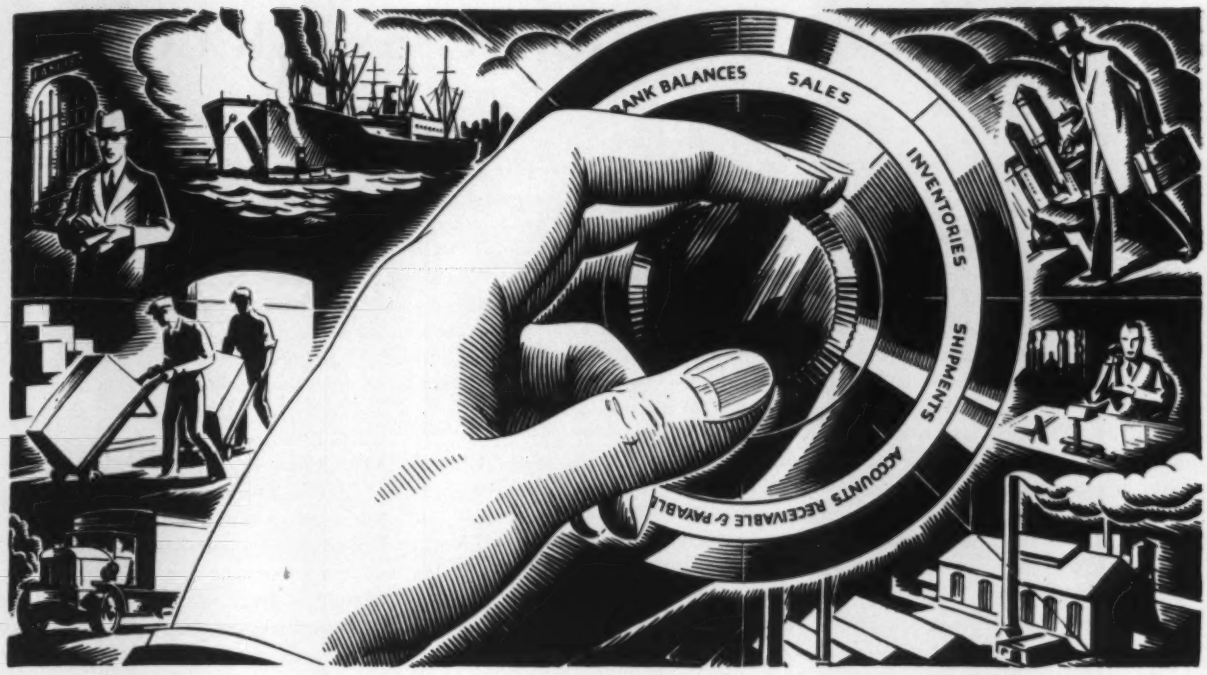
This extensive financing of foreign trading here has been a boon to foreign financial centers. Until the end of October the excessive credit strain put upon these centers by American speculative demands did considerable harm. It would have done more had it not been possible to finance their trading here.

NEW YORK, as pointed out, is by far the leader in the acceptance business, but other centers are recognizing its value, and making decided efforts to develop the business—Boston, Chicago, San Francisco, Dallas, and Minneapolis.

Recognized as an aid to foreign trade, the first development of the acceptance came along these lines. Now its utility for financing within the country is getting increasingly wide recognition. The utilization of bankers' bills by more banks is urged both as an aid to business and as an instrument of investment.

Investors who seek short-term investments look with increasing favor upon the acceptance. The demand during the present season has exceeded the record supply.

Increase in size of banks through mergers and consolidations is having an important effect on acceptances. As pointed out, a bank may accept up to 100% of its unimpaired capital and surplus. The larger this grows the larger the potential acceptance business.



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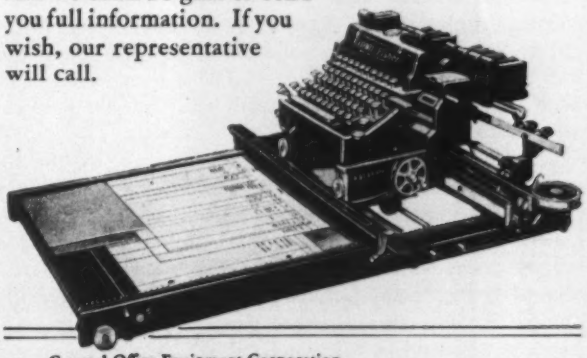

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The Week's Business Speeches

SAMUEL INSULL, before the Economic Club of Chicago:

"We cannot prevent a recurrence of destructive hysteria by prescribing a building hysteria. To plan to build and fail, or to plan unwisely to build and carry out the undertaking, will have as bad an effect, in the end, as the original hysteria to destroy. A buying hysteria preceded the selling sickness; there was much unwise over-promotion before the avalanche of deflation fell upon us. Because some of us lost our heads going up the hill, more of us lost them coming down. The thing most needed now is to keep our heads. We need to get back to our jobs of creating something useful in our country's economy; we need to give up dreams of getting something for nothing in the stock market.

"It is not the small holders who lost their heads and threw their holdings upon the market for what they would bring. The small investors kept their heads and sat tight. They saw their paper profits melt like snow in the springtime, and still sat tight. They had the good sense to know that it was not value that was declining; that the earning power of their securities was as great as ever."

FRANK LLOYD WRIGHT, America's individualist-architect, says: *From now on our buildings will be constructed in parts, as an automobile is manufactured, and then assembled. That means they will be carted to the building site in sections and fitted together without the bother of lengthy construction work. It is a big step ahead and representatively American.*

FRANK E. PACKARD, of the Standard Oil Company of Indiana, discussing the growing tendency toward government by propaganda:

"In the more leisurely ages of the past, public opinion was shaped by reading and discussion. In this newer age of speed, men find time to read only and get their opinions from their favorite newspaper, and they are influenced but little by their associates and local political leaders. The organization that reaches a majority of the voters with the most plausible and convincing propaganda, controls the situation."

THE American Wholesale Grocers' Association says in its most recent bulletin:

"The best defensive measure that wholesalers have is economic, and involves the cutting down of distribution costs by changes in selling and other policies. . . . Because methods have been used with fair success for a period of years is no reason for continuing them if better and less costly methods can be devised."

HOT shots from Sir Henri Deterding's speech to the oil industry at Chicago:

"All industries are becoming visibly, as they have always been logically but too silently, interdependent.

"Lack of cooperation is really against all interests, including the consumer's.

"Preserve your wealth for the time when it will be wanted; do not waste it when it runs too freely.

"Are we, the public outside the United States, going to rely on supplies from the United States when these may be less at some approaching time, seeing that no thought is given to conservation? Must we *non-Americans* not strain every nerve, however costly it may be, to protect ourselves for our future consuming needs, seeing that continuation of exports from America is simply looked upon there as a temporary dumping of excess production?"

GORDON C. CORBALEY, president of the American Institute of Food Distribution, prophesies that *within the next two or three years, an upsetting of canned goods merchandising will alter the competitive position of practically every one in the* (*canning*) *business.*

Solid CO_2 Comes to Main Street

NEW developments in handling perishable foodstuffs are on their way to Main Street with the increasing production of chemical ice—carbon dioxide (CO_2) in solid form. It is now available in the East, Middle West and South, and by spring it will be supplied to the Pacific Coast.

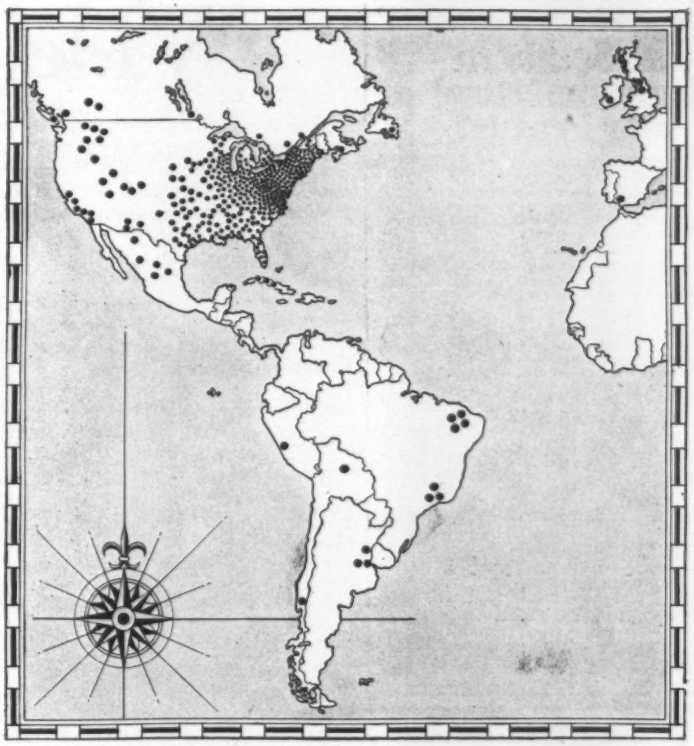
Chicagoans can buy direct from packing house branches, cuts of meat kept fresh by the new refrigerant; so can customers of a well-known New York grocery chain. No butcher need be employed, the meat being handled over the counter like any other packaged goods. Butchers who have been in the habit of buying sides of beef, lamb, pork, or veal, thus having a fixed ratio of unpopular portions to dispose of, can now keep on hand larger supplies of those individual cuts most in demand locally, receiving them ready-packed with chemical ice.

Ice-cream makers have used solid CO_2 successfully for several years. It has opened new outlets for fruits and fish. Orange and grapefruit growers use it to freeze the pulp or juice of their surplus crops. This can then be kept in cold storage till the "off" season; then sold to consumers in small containers kept cool by the same refrigerant.

In a properly designed storage box, solid carbon dioxide with a temperature of −109.3° F. will lose less than 10% of its weight in 24 hours. A 10-inch cube weighs approximately 40 pounds and can be made to do the work of 10 to 15 times as much water ice. Instead of melting, CO_2 evaporates.

Within the next two years, the Dry Ice Corporation of America, which makes over 90% of all the chemical ice produced in this country, expects that dry ice will be available for homes. "No, we think it will not cut in noticeably on the sale of ordinary ice or of electric or gas refrigerators. It will develop a field of its own, especially among small apartments where tenants have no mechanical refrigerators and are not generally at home when the ice-man calls," an officer of the company explained.

The company now has plants in New York, Boston, Philadelphia, Chicago, Atlanta, Jacksonville, St. Louis, Kansas City, Minneapolis, Denver, Cincinnati, Cleveland, Pittsburgh, Detroit, Albany, and Elizabeth, N. J. These plants have a total production capacity of about 105,000,000 pounds annually, a maximum equivalent of 1,175,000,000 pounds of water ice.



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Wide Reading

HOW EXPORTING FITS INTO THE CURRENT ECONOMIC PICTURE. Walter F. Wyman. *Printers' Ink*, December 5. Pudding proof of sales stabilization through the development of foreign markets. Companies to watch in the present test.

FACTORS WHICH MAKE A MERGER SOUND. Dwight T. Farnham. *Nation's Business*, December. Simple but important rules that make present day mergers succeed.

THE ARCHITECT BECOMES A SALES COUNSELOR. R. W. Sexton. *American Architect*, December. Architects have undertaken to stylize buildings to fit peculiar needs of retailers who would lay spell on consumer from the time the entrance is reached.

WHAT IS THE REAL PLACE OF SMALL BUSINESS IN AMERICAN INDUSTRY? Henry J. Wright and Raymond Bill. *Sales Management*, November 30. Official records show that the total sales volume of small companies is much larger than generally believed, and that in periods of business recession small business fares relatively better than the big corporations.

MEXICO'S NEW LEADER. Carleton Beals. *New Republic*, December 11. Characterization of Mexico's new engineer-president; his probable policies as they affect us.

WHAT ABOUT OUR PUBLIC LANDS? Ray Lyman Wilbur. *Review of Reviews*, December. President Hoover's policy is opposed to federal control of public lands, though he believes in conservation. The Secretary of the Interior tells why.

WALL STREET AND THE WORLD. Charles Hodges. *Nation*, December 4. Effects of the changed position of the world's banker on international business. Disposition of American loans abroad.

BOOKS

THE LAW ON ADVERTISING. Clowry Chapman. Harper, 495 pp., $7.50. What the law allows, forbids, in advertising. Legal handbook for advertisers—and lawyers.

ECONOMIC PRINCIPLES OF CONSUMPTION. Paul H. Nystrom. Ronald Press, 586 pp., 29 plates, 71 tables, $5. The most searching and carefully reasoned economic analysis yet produced of consumption, of consumer motivation, and underlying factors influencing demand and variations.

UTILITIES AND UNIVERSAL PROSPERITY. John M. Bruce. Farrar and Rinehart, 137 pp., $2. Points out investment possibilities in utilities, and particularly in the water supply business; also discusses the problem of industrial competition, and the handicaps of the Sherman Act.

ART IN INDUSTRY. Charles R. Richards. Macmillan (new edition), 499 pp., $2.50. Covers the gap between the art schools and trade requirements of the industries.

OUR BIGGEST CUSTOMER. George Harrison Phelps. Horace Liveright, 192 pp., $2. Responsibility for unemployment must be shouldered by industry or it will be seized by politics.

TOMORROW'S ADVERTISERS AND THEIR ADVERTISING AGENCIES. George Harrison Phelps. Harper, 256 pp., $3.50. Not a book of prophecy, but a crystallization of advertising trends and a picture of the broadening scope and power of advertising as it is being worked out by the most successful advertisers and their agencies.

THE MODERN HARDWARE STORE. Carl W. Dipman. Good Hardware, 401 pp., $2.50. Practical information that gives the hardware dealer a clear picture of new selling ideas, changed customer demands, improved store arrangement, the new competition. Well illustrated.

HUMAN NATURE AND MANAGEMENT. Ordway Tead. McGraw-Hill, 297 pp., $3.50. Applications of psychology to executive leadership dealing with problems of administration of large groups of workers.

PROJECTS IN DESIGN. Stanislaw Szukalski. University of Chicago Press, 200 pp., $20. Exotic architectural designs which are original, bold. Thought-provoking; for the designer and those interested in architecture and new trends.

AN EXAMINATION OF EARNINGS IN CERTAIN STANDARD MACHINE-TOOL OCCUPATIONS IN PHILADELPHIA. Wharton School Research Study, No. 5, by H. LaRue Frain. University of Pennsylvania Press, 85 pp., $1.50. Analysis of wages which indicates absence of hourly market rates, that plants pay about the same whether they work more or less than 50 hours a week. The figures indicate that the better the management, the better the pay.

REPORTS—SURVEYS

BUS TRANSPORTATION MARKETS. McGraw-Hill Publishing Company. A 32-page booklet to give manufacturers and distributors information about bus industry and to aid in the intelligent cultivation of a new market—the bus operators. Tables, maps, charts.

SUGGESTED CITY AND COUNTY AERONAUTICS ORDINANCE AND UNIFORM FIELD RULES FOR AIRPORTS. Department of Commerce. A booklet of model traffic laws for aviation; reasons for making them universal.

INDUSTRIAL DEVELOPMENT IN THE UNITED STATES AND CANADA. Civic Development Committee of the National Electric Light Association and Policy Holders Service Bureau of Metropolitan Life Insurance Company. A survey of 2,084 communities in United States and Canada to measure in number of plants and employees the extent and nature of migration of industry from one locality to another and to define the underlying economic reasons which have brought about the changes.

EUROPE AND THE NEAR EAST. A new map and an index listing proper spelling of 8,000 names of cities. National Geographic Society; map, $1.50; separate index of modern spellings, 50 cents. Recognizes approved geographic names of each nation on general principles of nomenclature recently adopted by the government.

"BUILDINGS AND BUILDING MANAGEMENT" AND THE FIELD IT COVERS. Porter-Langtry Company. A 7-page report pointing out facts and tendencies in public building construction which affect marketing to the field.

THE CONSTRUCTION MARKET—DATA SHEET No. 1. F. W. Dodge Corporation. A 4-page analysis in terms of the factors controlling specifications and purchases of materials and equipment.

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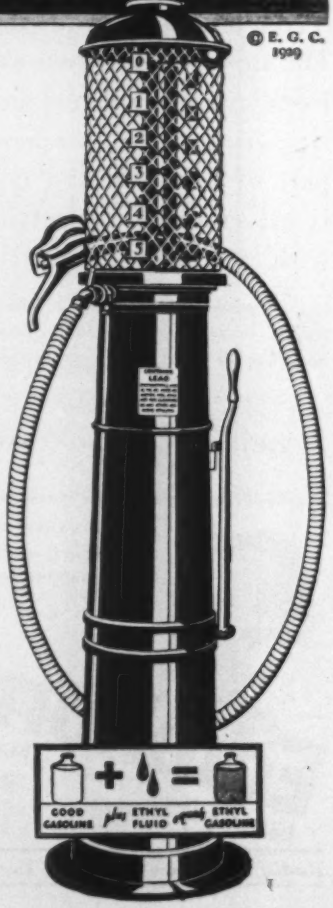

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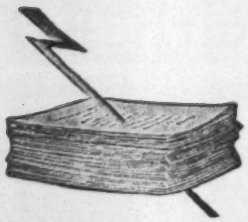

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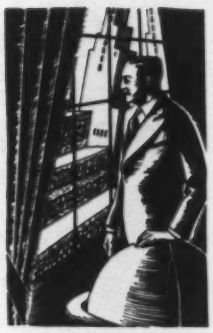

WILL our civilization reach its fullest and most admirable development only to fall a victim to itself, as great civilizations of the past have done?

Very probably it will, thinks Joseph Wood Krutch, because of the fact that the greater our cultural achievement, the farther we depart from nature's ways.

"Civilizations die from philosophical calm, irony, and the sense of fair play, quite as surely as they die of debauchery," argues Mr. Krutch in his latest book, "The Modern Temper." A decadent civilization is one which has renounced nature and natural ends, which is too concerned with individual self-realization, too detached from simple animal tendencies. But while for this reason all cultures have ultimately collapsed, human life has persisted. Why? Because younger and more robust races have infused new blood into the old ones, often through invasion, and have in their turn developed complex civilizations by which they have been eventually enfeebled.

In our modern fully-explored world, where are the simple and primitive rescuers to come from? One begins to wonder, as one gets deeper into Mr. Krutch's book, if there *is* any new blood left on the face of the globe. And then, suddenly, he presents Russia, not in the usual rôle of political savior but as the new blood for a fresh start, for a new civilization.

In terms of culture the Russians are a young race, he argues. They have vitality, energy, tremendous yearning, the philosophy of "a primitive people to whom the value of life lies in the activities necessary to carry it on." Generations will pass before their industrial development will be completed and the problems of their new society solved, they begin at a point at least as far back as we began a century ago. "If Russia or the Russian spirit conquers Europe," Mr. Krutch concludes, "it will not be with the bomb of the anarchist, *but with the vitality of the young barbarian,* who may destroy many things, but only that he may begin over again."

I found myself mentally ruminating over this idea for hours; I am passing it along with the thought that it may prove to you as interesting a subject for contemplation.

▼

IN a recent issue I set forth a humble observation or two on the planning of the airport of the future. Last evening, in reading Sidney Dark's "London," I was reminded of another aspect of this terminal problem.

"Railway stations, and Euston Station certainly among them," writes Dark, "are good places to get away from. They are gloomy places to which to return. It is not the railway train that has killed the romance of travel, but the railway station. A journey by train through a new country often gives one splendid thrills, but the arrival at one's destination is a gloomy episode. A thorough reform of railway stations—beauty at the terminal—would do more to make modern life really happy than many more materialistic proposals."

This is too true of many American railway stations, but there will be no excuse for making this blunder in building our airport passenger stations.

▼

THOSE business men who find it difficult to curb their patience and wait for the public to get used to new ideas will do well to ponder the point made by Dorothy Canfield Fisher in her book, *Why Stop Learning?* that it takes about a century for a new idea to reach maturity and bear fruit.

This writer cannot believe that it takes *quite* so long—not since the war and its impetus—but if an idea is really new in a fundamental sense, there is no question but that its sponsors will grow discouraged many times before it finally wins general public acceptance. . . . Patience is one of the chief factors in success.

600

OF AMERICA'S GREATEST CONCERNS HAVE LEARNED THIS TRUTH— HAVE YOU ?

NEXT to marketability of the merchandise itself, location is vital to the soundness of industrial development. For location governs price, and price fixes your position ahead or back of your competitors.

If your plant is in one of America's old, congested industrial centers you are in competition with every neighbor. For land, for labor, for transportation, for raw material.

In addition, you are thousands of miles away from some of your richest markets. And under modern merchandising methods you cannot afford to be out of touch with your markets. Merchants do not buy at long-range any more. They want the goods close by; they expect you to carry the reserve stock.

This condition is just as true in the South as elsewhere. And the South is America's fastest growing market. Concerns with branches in this section know it; their volume proves it. They are getting the business for two major reasons: Their goods are available, and better values because of the major economies of production here.

During the past four years alone more than 600 of America's outstanding concerns have studied this situation. They have analyzed locations throughout the South, and have found that Atlanta offers the greatest opportunities for profitable volume. And their branches in Distribution City have demonstrated in fullest measure the soundness of these analyses.

* * *

The Atlanta Industrial Bureau is ready to give you a first-hand report of Southern conditions as they affect your business. We will report on the supply of raw materials you use, the type of labor you need, the savings you will make because these items are major economies. We will point out in dollars and cents the savings in power, taxes, building costs and many other items, enabling you to draw a direct comparison with your present location.

And we will report on the market in the South for your goods when sold out of Distribution City—a volume that will probably surprise you if you are now selling out of a distant home office.

This valuable service is rendered without charge or obligation, and in the strictest confidence. Write

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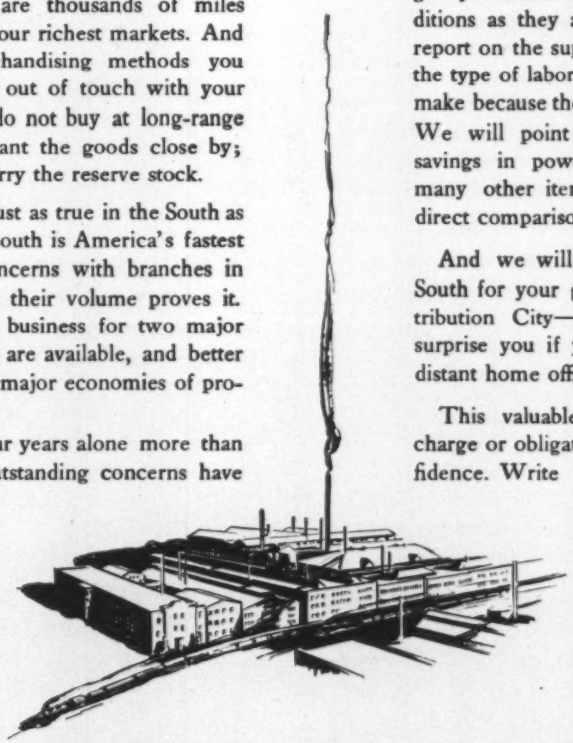
CHAMBER OF COMMERCE
93311 Chamber of Commerce Building



Send for this Booklet
It contains the fundamental facts about Atlanta as a location for your Southern branch

ATLANTA

Industrial Headquarters of the South

EDITORIAL PAGE

THE BUSINESS WEEK—A McGRAW-HILL PUBLICATION

"One Good Old Word"

WHEN—with the single word "work"—he concluded his address to the business leaders at the National Business Survey Conference last week, the President struck the keynote to which the business community must attune itself and with which all organized business effort to deal with the situation must harmonize from now on. Those who have wondered what the impressive mobilization of business leaders in Washington was for, and what these men were supposed to do next, received then and there the comprehensive and inevitable answer: Go to work.

With that counsel the President put a quietus on all thought that by any magic of words or apparatus of organization business might evade or postpone its responsibility of conscientious concentration on the intelligent conduct of its own affairs. Action was what he asked, all that he asked, all that is necessary.

Though the fundamentals of the situation are obviously sound, Mr. Hoover wishes no real weaknesses and difficulties of business to be blanketed by the mere brass bands of booster organization. Efforts toward readjustment may require for a time some special agencies of cooperation between business and government, but he does not intend that business be permanently put in leading strings by either government or its own organizations. Though the public needs to be kept fully informed and constantly aware of the organized efforts being made, he does not contemplate that conferences and cooperative agencies of business should serve as an amplifier for individual publicity or a platform from which to promote the purposes or prestige of particular interests.

In all these respects the rank and file of American business men are wholly in accord with the President. They realize that readjustments in many aspects of business are inevitable in order to secure a better balance in our economic structure. They know that such readjustments must be made by individual business executives themselves. They feel that, though conference in the early stages may be helpful, the time for big talk is past. They are not interested in capitalizing a national situation to draw attention to individual grievances or accomplishments. They believe that any elaborate and artificial super-organization at this juncture can help the individual business man little and may only confuse the real issues that face him. While they recognize the need of careful study and sustained cooperative effort by business and government to build a broader basis of business stability, they definitely do not want to be subjected to the moral suasion or publicity pressure of any continuing super-agency of business in dealing with their individual problems.

What they want now, above all, is to be let alone to tackle the particular tasks that confront them, in the light of the real situation they face, with the individual intelligence they can bring to bear, and with such aid and advice as government and disinterested business leadership can give them.

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